



Daily Report

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Daily Report

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General

Report on U.S. Congressional Hearings on Bosnia *OW1902090693 Beijing XINHUA in English* 0719 GMT 19 Feb 93

[Text] Washington, February 18 (XINHUA)—Washington's policy on Bosnia is criticized as too weak during Thursday's hearings at both chambers of the U.S. Congress.

William Colby, former director of the Central Intelligence Agency, told the Senate Foreign Affairs Subcommittee on European Affairs that the United States should commit 30,000 to 50,000 ground troops to end the siege of Sarajevo, the Bosnian capital, without the help of other nations if necessary.

And that is a far cry from what the U.S. Administration is willing to do according to the six-point plan tabled out by Secretary of State Warren Christopher, who only envisioned the commitment of U.S. troops in peace-keeping missions.

Others present at the hearing opposed the deployment of ground troops, though all agreed to the need for stronger U.S. Bosnia policy.

Without saying how many troops and what kind of troops will be deployed, Christopher said last Wednesday [17 February] American soldiers will be deployed only when an effective ceasefire has been reached and when a peace agreement with enforcement provisions is reached.

Also appearing before the Senate hearing, former U.N. Ambassador Jeane Kirkpatrick said Washington should be willing to take unilateral action at least to ensure the delivery of humanitarian aid to the war-plagued former Yugoslav Republic.

She said Christopher's plan "stops short of an adequate response" and President Bill Clinton's shift to a more cautious stance on Bosnia was "disappointing."

Zbigniew Brzezinski, the national security adviser in the administration of Jimmy Carter, accused the Christopher announcement of being long on rhetoric and short on substance.

"The powerful rhetoric used by Secretary Christopher to justify the U.S. engagement was, much to my regret, refuted by the toothless and essentially procedural steps that then emanated from the rhetoric," Brzezinski told a hearing of the House Foreign Affairs Subcommittee on Europe and the Middle East.

He also called for the enforcement of the U.N.-sanctioned "no-fly zone" over Bosnia and the lifting of arms embargo against the Muslims.

Both options were considered by the Clinton administration but were dropped as a result of strong international and domestic opposition.

Countries like Britain, France and Canada, all with troops inside Bosnia-Herzegovina, fear military intervention and more arms into the troubled region would pose higher security risks toward their nationals.

Many Americans, especially those in the military, believe military actions won't change the situation there and an end to the arms embargo can only lead to more chaos.

Previous negotiations sponsored by the European Community and the United Nations failed to bring a lasting peace agreement.

A peace plan put forward by E.C. mediator Lord David Owen and U.N. envoy Cyrus Vance won full endorsement from only the Bosnian Croats. The Serbs and the Muslims both refuse to accept the division of Bosnia as envisioned in the Owen-Vance plan.

A new round of talks between the warring factions was expected this week at the United Nations but Bosnia Serbs announced Thursday that they would join the talks only when the venue is moved to Geneva.

Besides the involvement of the newly appointed U.S. envoy Reginald Bartholomew, Russia is also playing a major role in the diplomatic activities on Bosnia.

More than 18,000 people have been killed in Bosnia since fighting broke out there.

The Yugoslav TANJUG NEWS AGENCY, quoting the U.N. High Commissioner for Refugees, reported Tuesday that 1,620,000 people were turned into refugees in Bosnia-Herzegovina.

Report on Western Arms Sales to Gulf Countries *OW1402203393 Beijing XINHUA in English* 1945 GMT 14 Feb 93

[By Xia Haitao and Jiao Yansheng]

[Text] Abu Dhabi, February 14 (XINHUA)—An international arms show that opened here today may serve to suggest that the Gulf region, in the wake of the 1991 Gulf war, is the world's most important weapons market.

As a matter of fact, Idex 93 is by far one of the biggest weapons exhibition in the world, in terms of the number of participants and the expected volume of transactions.

More than 350 weapons manufacturers are taking part in the exhibition. Among the thousands of visitors are ranking military or defense officials from well over 30 countries, including the defense ministers of France, Britain, Italy, Russia, Iran, Pakistan and India.

The show affirms the position of the West, the United States in particular, is the largest arms supplier to the region.

More than 30 American companies are attending the show. The number of British companies is 70 and that of

France, 30 [figures as received]. Russia, desperately in need of cash to prevent an economic collapse after the fall of the Soviet Union, also has a large pavilion.

Just today, the UAE announced that it will buy 436 LeClerc main battle tanks made by the French Giat Industries. The deal is worth anywhere between 2 and 3 billion U.S. dollars.

According to UAE officials, deals with the United States and Britain are to be announced over the next two days. Sources told XINHUA that these may also amount to billions of dollars.

The exhibition, under the patronage of the UAE Armed Forces and the Ministry of Defense, will last for five days.

It includes an extensive program of outdoor demonstrations, including live firings, mobility presentations and marine equipment and naval demonstrations.

The Abu Dhabi International Exhibition Center is accommodating the main static items and a water channel at the center is used for some marine and naval equipments shows.

A symposium will be held at the Abu Dhabi Chamber of Commerce and Industry on February 15-16 to discuss military communications and techniques.

In the wake of the Gulf war triggered by Iraq's August 1990 invasion of Kuwait, the six oil-rich Gulf Cooperation Council countries—Saudi Arabia, Kuwait, Oman, the UAE, Qatar and Bahrain—have been looking toward the West in their weapons procurements.

Their defense ministers or chiefs of staff are attending the show.

Since after the Gulf war, billions of U.S. dollars have been spent by these countries in a buying spree of Western weapons to boost their own defense.

Just two sales secured by the U.S. and U.K. from Kuwaiti and Saudi procurements are sufficient to show the magnitude of the buying spree.

On January 5, Pentagon announced Kuwait has bought 4.5 billions dollars of weapons from the U.S., including A1-A2 Abrams main battle tanks and other armored vehicles from General Dynamics, in a effort to avert the military imbalance in the Gulf region.

Saudi Arabia declared on January 29 that it has agreed to buy 48 British Tornado warplanes under a 30 billion dollars deal signed by the two countries in 1985.

Britain also struck a 225 million-dollar deal to sell "Challenger 2" tanks to Oman when Prime Minister John Major visited the sultanate before he came to Saudi Arabia to secure his country's Tornado sale.

The sagging oil prices and the cost of the Gulf crisis, however, are affecting the Gulf Arabs' booming procurement.

Kuwait had announced that it would spend some 25 billion dollars over the next six years on defense procurement. But the figure later was cut to 15 billion, over seven or eight years.

Saudi Arabia has cut its procurement from some 8 billion dollars a year to slightly under 5 billion. The UAE has cut its arms shopping list from 18 billion dollars to around 10 billion over a longer time-scale.

But even with these cuts, the purchase is still large.

Some Gulf Arab countries have signed joint defense pacts with the West. This certainly facilitates sales of Western weapons to the region.

Article Views CPC's Foreign Relations

HK1802053793 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 6, 8 Feb 93 pp 4, 5

[Article by Zhong Xingwen (6988 2502 2429): "CPC's External Relations in Retrospect, and Prospects"]

[Text] The CPC has always attached great importance to the development of its external relations and has endeavored to, by way of developing these relations, win the support of political parties in various countries for the Chinese people's revolution and construction and to promote understanding and cooperation with the political parties, organizations, and peoples of various countries.

During the initial period after the CPC's founding, the CPC maintained contacts with communist parties and progressive organizations and personalities in other countries. During the War of Resistance Against Japan, foreign political parties, organizations, and individuals (such as the famous Dr. Bethune) gave energetic support or voiced their sympathy for the Chinese people's struggle against aggression. The CPC and the Chinese people also supported the people of various countries in their great struggle against fascism. In the early days of the newly founded People's Republic of China, because of the blockade imposed on China by the imperialists, the Chinese Government did not have much contact abroad. At that time, the CPC, through its external contacts, supported the people of different nations in their struggles for national emancipation and managed to win extensive sympathy and support from people around the world. It established contacts with most communist parties in other countries.

After the Third Plenary Session of the 11th CPC Central Committee, the party changed its foreign affairs work, like its domestic work, systematically, which mainly found expression in the following areas:

First, it readjusted the guiding ideology and basic principles for external affairs work; thoroughly redressed

previous "leftist" mistakes; and made the general principle clear that the party's external affairs work should serve its basic line of "one center, two basic points." In keeping with this general principle, the CPC proceeded from maintaining contacts with the communist parties of various countries to establishing connections and exchanges with various types of friendly political parties and organizations, as well as varied forms of contacts and cooperation with all political parties and forces around the world willing to be friends with China.

Second, the CPC laid down four principles for interparty relations. They are: "independence and independent decisionmaking, total equality, mutual respect, and mutual noninterference in each other's internal affairs." In accordance with these principles, the CPC first resumed its relations with communist parties that had been ruptured during the big debate of the 1960's. Then it gradually established friendly and cooperative relations with many political parties in Third World countries and, subsequently, with socialist parties, social democratic parties, labor parties, and other friendly parties. Today, the CPC maintains various forms of exchange and contacts with more than 280 political parties.

Third, while expanding the scope of its external affairs work, the CPC has made it clear that work should be focused on the ruling parties of various countries, parties that take part in political affairs, and important opposition parties. Extensive contacts should be established with the leaders of these parties, parliamentary members, persons in charge of various organizations, as well as personalities from economic and trade, cultural, and scientific and technological circles. Through connections and contacts with these political parties, mutual understanding and trust have been enhanced and China's friendly cooperation with various countries, as well as its friendship with the people of various other countries, has been promoted. One can say that the period since the Third Plenary Session of the 11th CPC Central Committee has witnessed the CPC's most extensive and most dynamic work in its external affairs. Now, the CPC has established connections with major political parties of most countries around the world (including those who are and who are not on diplomatic terms with China).

Interparty contacts and governmental diplomacy are mutually supplementary, complementary, and contributory; so are interparty contacts and exchanges abroad in parliamentary, nongovernmental, economic and trade, and cultural fields.

Meanwhile, cross-country interparty exchanges also have their own characteristics. Because interparty contacts do not involve handling specific affairs between states, much protocol can be saved and the parties can make friends in wider circles. Also, they can exchange views on international and domestic issues of mutual concern at different levels and through various channels, share their respective circumstances and experiences, and improve understanding and friendship.

In its international intercourse, the CPC not only contacts ruling parties, but also legitimate opposition parties, and not only associates with incumbent government officials, but also with influential figures within parties not holding office. When it deals with a country where power changes hands in rotation, the CPC maintains ties with a number of leading parties simultaneously. This helps maintain the continuity of China's friendly relations with these countries.

In recent years, many foreign political parties have expressed the wish to strengthen exchanges in development strategies and economic and technological cooperation through interparty contacts. In its international intercourse, the CPC attaches great importance to the exchange of positive and negative experiences in readjusting development approaches and development strategies as well as economic reforms with other countries. In the meantime, through interparty exchanges, the CPC has managed to initiate economic, trade, and technical cooperation; serve as a go-between; and bring in funds, technology, and professionals from abroad. Some positive results have been achieved in this effort, which has not only provided direct service to China's economic construction but also has positive significance in enriching and developing the CPC's external relations.

In the 14th CPC National Congress report, CPC General Secretary Jiang Zemin said: "The CPC treasures its relations with the political parties of various countries," and the CPC Constitution also indicates that "the CPC is committed to energetically developing its external relations." The CPC will continue to, in accordance with the four principles of interparty relations, establish and develop friendly relations with political parties in various countries, improve understanding and cooperation in the spirit of seeking common ground while reserving differences, and strive toward a favorable international environment.

United States & Canada

Jiang Zemin Holds Talks With Alexander Haig

CM1902135193 Beijing XINHUA Domestic Service in Chinese 1259 GMT 18 Feb 93

[Text] Beijing, 18 Feb (XINHUA)—Jiang Zemin, Chinese Communist Party general secretary, today called for more cooperation between China and the United States.

"The remarkable changes in the international situation have brought about many challenges," Jiang said. "As a result it is necessary for China and the United States, two large powers, to strengthen and expand the scope of cooperation," Jiang said.

The party chief made these remarks during a meeting with Alexander Haig, former U.S. secretary of state.

Sources at the Chinese Foreign Ministry said that the two sides exchanged views on Sino-U.S. relations and on major international issues during their one-hour meeting.

Jiang said people from various circles in the United States have recently called for safeguarding and strengthening of the Sino-U.S. relations, while the international community has also expressed concern over the development of such relations.

"This shows that Sino-U.S. relations not only have an impact on the fundamental interests of the two peoples, but play an important role in the peace and stability of the world," Jiang was quoted as saying.

Jiang added that it is a fact that China and the United States have extensive common interests while they also have some differences.

As long as the two countries take a long-term view and seek common ground while reserving differences, they will be able to find more common points so as to allow their relations to continue to grow, Jiang said.

Haig was quoted by the Chinese sources as saying that the world today is still very uncertain, and it is of great importance to safeguard and develop U.S.-Chinese relations.

Haig, who is visiting China for the eighth time, believed that the potential for economic growth in the Asia Pacific region and the steady growth of China's economy provide "good opportunities" for economic and trade cooperation between the United States and China.

Haig said that the two sides should make full use of the opportunities so as to benefit people of the two countries.

On China's domestic situation, Jiang said that the 14th National Congress of the Chinese Communist Party, which was convened last October, was a success. We systematically summed up Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and set the target of establishing a socialist market economic system. Next month we will hold the first session of the Eighth National People's Congress and the first session of the Eighth National Committee of the Chinese People's Political Consultative Conference. We will continue to intensify our socialist democratic and legislative construction. [XINHUA in English at 1325 on 18 February renders this paragraph as: "On China's domestic situation, Jiang said that the 14th National Congress of the Chinese Communist Party, which was convened last October, was a success. Jiang expressed the belief that the upcoming first annual session of The Eighth National People's Congress, which is scheduled to start March 15, will also be successful.]

Jiang also said that people of all countries have the right to choose their own social systems and development mode according to their country's actual conditions.

"This is conducive to world peace, stability and prosperity," Jiang added.

Present at the meeting were Liu Huaqiu, vice foreign affairs minister, and others.

[XINHUA English adds: "During his stay in Beijing, Haig had meetings with Chinese Premier Li Peng, Foreign Minister Qian Qichen and other officials from the foreign trade and economic sectors.]

Jiang Zemin Meets Visiting San Francisco Mayor *OW1902095093 Beijing XINHUA in English* 0938 GMT 19 Feb 93

[Text] Beijing, February 19 (XINHUA)—Jiang Zemin, general secretary of the Central Committee of the Communist Party of China (CPC), met with Frank Jordan, mayor of San Francisco in the U.S., and his party here today.

Jordan and his party are here as guests of the municipal government of Shanghai.

Jiang said that the visit will not only be conducive to the development of friendly and co-operative relations between Shanghai and San Francisco, the two coastal cities, but will also help increase mutual understanding and friendship between the people of the two countries.

The general secretary also briefed the visitors on China's deepening of its reforms and opening wider to the outside world as well as the building of its socialist market economy.

On Wednesday [17 February], officials from Shanghai and San Francisco signed an agreement on further friendly exchanges between the two cities during 1993 and 1994. The exchange programs cover economy, trade and investment, and culture and art.

Report on President Clinton's Promotion of Plan *OW1902073793 Beijing XINHUA in English* 0718 GMT 19 Feb 93

[Text] Washington, February 18 (XINHUA)—U.S. President Bill Clinton Wednesday [17 February] started a two-day tour in midwestern states to test-market his four-year blueprint for tax hikes and spending cuts, urging Americans to press Congress for "honest, tough, hard decisions" to fix the shambling U.S. economy.

He arrived in St. Louis, Missouri earlier Thursday and told several thousand people who greeted him in single-digit temperatures: "We need you to hold our feet to the fire: no raising taxes unless we cut spending. We've got to do this as part of a package. I need your help," local reports reaching here said.

St. Louis was the first stop on a two-day trip to Missouri, Ohio and New York.

A total of 16 government officials, including cabinet secretaries, were fanning out, mostly by commercial flights, to as many as 28 states Thursday and Friday on the same mission: to sell Clinton's plan.

Many of Clinton's salesmen returned to their home states to start out on friendly grounds.

The Clinton administration's public relations blitz, said reports, was designed to go over the head of Congress and through the news media filter to convince Americans that sacrifices are needed to do the following: reduce the huge budget deficit, cut spending and create new jobs.

House GOP leader Bob Michel described the blitz as "the biggest propaganda campaign in recent political history." The blitz is intended to help the President regain the confidence of all Americans, particularly the middle class.

Clinton's popularity in the polls has dipped ever since he backed off from a campaign promise to cut taxes for the middle class. It is members of this class who now are being asked to pay more taxes.

Reports said it is vital for Clinton to generate grassroots support if his plan is to survive attacks by powerful interest groups, criticism by Republicans, and misgivings by some fellow Democrats.

Republicans now accuse Clinton of mounting a propaganda blitz to sell old "tax-and-spend" solutions disguised in new clothing.

Whatever is the bottom line, Republicans pledge a fight against the thrust of Clinton's proposals. Senate GOP leader Bob Dole called it "very heavy on the tax side and very weak" on the spending cut side.

Former President Ronald Reagan said it resurrected "the failed liberal policies of the past." But Ross Perot, whose cut-the-deficit campaign won him 19 percent of the presidential vote in November, offered cautious praise. Perot, who also foresaw fierce opposition to belt-tightening measures, called Clinton's plan "a good artist's sketch."

Next week, Clinton is scheduled to hit the road again with a west coast sales trip.

U.S. Foreign Policy Expenditures To Decrease

OW1902090893 Beijing XINHUA in English
0645 GMT 19 Feb 93

[Text] Washington, February 18 (XINHUA)—The U.S. State Department said Thursday [18 February] that federal spending on international affairs will be slashed by 2.3 billion dollars during the three year period that begins in fiscal year 1994. The remaining money will be spent on new priorities such as helping democratic transition in countries of the former Soviet Union.

"Over 2.3 billion dollars in outlay savings will be realized in the federal budget's international affairs function between fiscal years 1994 and 1997," State Department spokesman Joe Snyder said here Thursday.

He didn't say how the spending cut would be achieved.

Snyder said, "remaining funds will be re-directed toward programs that meet new challenges and take advantage of new possibilities in a changing world."

"New priority areas" he listed include promoting democratic transition in the former Soviet Union, peace-keeping, support of global economic growth, protecting the world environment, controlling population and weapons proliferation.

Snyder was responding to requests that the State Department give more specifics than those given in President Clinton's state of the union address Wednesday before a joint session of Congress.

In his speech, Clinton focused less on international affairs and more on the country's economy. A 14-page report to Congress, accompanying the address and available Thursday, gave a little more than one page of specifics on international affairs.

According to the report, "A Vision of Change for America," Washington will take steps to help U.S. firms be more competitive in the global market.

"We will create a dynamic two-way relationship with a business community that responds to global needs rapidly and creates a more level playing field for international trade," the report said.

Central Eurasia

Hainan Deputy Secretary Meets Russian Ambassador

HK1802113893 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 12 Feb 93

[Text] Yesterday [12 February] afternoon, Wang Xiaofeng, provincial party deputy secretary and executive vice governor, met with Igor Rogachev, the Russian ambassador to China, his wife, and a member of his party in Qiongyuan Guesthouse.

The three-person delegation, led by Rogachev, came to our province at the invitation of Hainan New Energy Company Limited to conduct a three-day visit and inspection tour, because the company is planning to make an investment of approximately \$200 million in Moscow to set up (Wanguo) Commercial City. In the meantime, the delegation will extensively exchange views with the company on cooperation in specific matters, such as importing high technology products from Russia, production results, acceleration of the tourism project in (Shimei) Bay, and importing hydroplanes.

Wang Xiaofeng said: Hainan and Russia can extensively complement each other, as both sides have many strong points that can be mutually exchanged. I hope that both sides will expand the scope of their cooperation in the interest of their common development.

Rogachev said: I will make efforts to promote the cooperation of both sides in more fields. I believe that cooperation between both sides will be consistently expanded and developed.

Responsible persons from the provincial Foreign Affairs Office and New Energy Company were present at the meeting.

'Roundup' on Russian-Ukrainian Economic Ties

OW1802114993 Beijing XINHUA in English
1045 GMT 18 Feb 93

[Unattributed "roundup": "Russian-Ukrainian Economic Ties Strained"]

[Text] Kiev, February 18 (XINHUA)—Economic relations between Russia and Ukraine have become strained as unresolved disputes over energy supplies, distribution of foreign debts and assets, and other problems continue to intensify.

In January, the two countries' presidents met in Moscow and expressed the hope that both sides solve their economic problems as early as possible through negotiations. However, no progress has been made in the past month.

The major problem, which seriously affects ties between the two countries, is energy supplies.

Ukraine, whose oil fields produce only 4.5 million tons of the 45 million tons of oil the country needs each year, hoped oil imports from Russia would make up the difference. However, Russia agreed to export only 20 million tons.

According to their agreement, most of the 20 million tons of oil was to be sold to Ukraine during the first three months of this year. However, the Ukrainian prime minister complained recently at a press conference that in January his country did not get a single drop of oil from Russia.

The main reason Ukraine received no oil in January is that the two sides reportedly have failed to agree on the price of the oil.

In the past, Russia supplied oil to Ukraine at a preferential price. Last year, Russia raised the price by 300 times.

In recent negotiations Russia has repeatedly insisted on raising the price, with the ultimate aim of matching world market prices.

The two sides have held several talks on the issue, but have not resolved their differences.

The Ukrainian president and prime minister have said their country will retaliate if Russian attempts to sell its oil at international price levels.

On February 2, the Russian Government informed Ukraine it will provide gas at the international price, or 85 U.S. dollars per 1,000 cubic meters.

Ukraine's Vice-Prime Minister Viktor Pynzenyk, who is also in charge of economic affairs, said the next day at a press conference that Russia should pay a transit duty for goods, including oil and gas, that pass through Ukrainian territory.

50 to 60 percent of Russia's export goods are transported through Ukrainian territory on their way to Western countries. Russia could be forced to pay up to 20 billion dollars in transit duties annually to Ukraine.

Another knotty problem between the two countries is how to divide foreign debt and assets of the former Soviet Union.

At the end of January, the two sides failed to sign a formal agreement on debt-sharing, although they agreed earlier that Russia and Ukraine would share 86.63 percent and 16.37 percent respectively of a 70 billion foreign debt owed by the former Soviet Union.

Observers here say they believe the major obstacle to solving the problem is that the two sides still differ on their share of the former Soviet Union's assets.

Ukraine stated it should be assigned the same proportion of the assets as of the debt. Russia has refused that formula by arguing the difficulty of dividing assets located outside the former Soviet Union.

The former Soviet Union's assets include those of its diplomatic and trade organizations and bank branches in other countries, its gold and foreign exchange reserves, as well as some debts Eastern European and third world countries owe the former Soviet Union.

Russian President Boris Yeltsin's February 8 order on the former Soviet Union's assets further escalated the dispute. A statement issued by Ukrainian Foreign Ministry noted that Russia's action violated Ukraine's rights and warned that it would bring difficulties to "developing a political dialogue between the two countries".

There is another standing problem between the two countries, that of account settling.

Ukraine claims that Russia still owes it 426 billion roubles. But Russia has refused to pay the sum, arguing that the Russian Central Bank is not responsible for the debt.

Observers here said that the economies of both disputants will be seriously affected if these problems are not solved soon because the two former Soviet republics have been interdependent economically for such a long time.

They said that not only historical bilateral economic relations, but also future economic cooperation, will be complicated.

They finally cautioned that ongoing economic conflicts could eventually escalate into political skirmishes.

Northeast Asia

Japanese Joint Venture To Make Telecom Equipment

OW1802105593 Beijing XINHUA in English
1010 GMT 18 Feb 93

[Text] Beijing, February 18 (XINHUA)—Two Japanese companies have joined a Chinese corporation in setting up a new joint venture in China to produce wireless telephones and other telecommunications equipment.

A contract on establishing the new venture was signed here today by the Citic Trading Co., Ltd., a subsidiary of the China International Trade and Investment Corporation, and the two Japanese companies: the Uniden Corporation and the Yaohan International Group.

The new venture, called Unitic Technologies Co., Ltd., will focus on the development and production of technology-intensive mobile telephones, portable phones, paging systems, satellite telecommunications apparatus and wireless telephones.

The joint venture, with an initial investment of 1.42 million U.S. dollars and a registered capital of one million U.S. dollars, is expected to realize a business volume of 40 million U.S. dollars in its first year of operation which will grow at over 10 percent annually.

According to the contract, the joint venture will operate for at least 20 years.

Further on Joint Venture

HK1902052693 Beijing CHINA DAILY in English
19 Feb 93 p 2

[Report by staff reporter: "Sino-Japanese Venture To Take On Telecoms Market"]

[Text] A Sino-Japanese joint venture, aimed at breaking into the most lucrative telecommunications market in the world, was launched yesterday in Beijing.

The venture, Unitic Technologies Co Ltd, is a joint effort by the Uniden Corporation and Yaohan of Japan and Citic Trading Co Ltd, a subsidiary of the China International Trust and Investment Corporation (Citic).

With an initial investment of \$1.42 million, the joint venture will develop, produce and market such products as telephone trunking systems, walkie-talkies, cellular and cordless phones, radio-pagers and satellite receiving equipment.

The company estimates that its annual sales can exceed \$40 million this year and grow by at least 10 percent annually.

World telecom manufacturers target China as their biggest potential market, with its fast-growing economy but inadequate infrastructure, especially telecommunication facilities.

Local governments in China regard telecommunications as an investment yardstick, so they are investing heavily in the sector.

International telecom giants—including Motorola, NEC, Ericsson and Alcatel—are already producing or promoting their latest products in this country.

A Citic Trading official told China Daily that Unitic will expand its investment and operation as the market and the new company developed.

Unitic will initially concentrate on the research and development of new products and technology and license them to Chinese factories for assembly with imported parts.

Uniden, which is building a 5-billion-yen (\$413-million) wholly-owned venture in Shenzhen, came to China late.

But the Citic Trading official said Uniden's advantage was its prices, which are lower than other brands—for example, Motorola.

Unitic is Uniden's major bid to enter the Chinese market. The company holds 60 percent of shares in the joint venture. Its Shenzhen venture, which has created 5,000 jobs, sells all its output abroad.

Japanese Banks To Give Loans to Bank of China

HK1902044093 Beijing CHINA DAILY in English
19 Feb 93 p 2

[Report by staff reporter Ren Kan: "Tokyo Banks Aid China's Growth"]

[Text] Dozens of Japanese banks will supply \$300 million of syndicated loans to the Bank of China, the country's major foreign exchange bank.

An agreement, signed yesterday in Tokyo, involves 38 Japanese banks, 11 of them the backbone of the Japanese financial industry.

These banks—including Tokyo, Fuji, Sumitomo, Mitsubishi, Tokai, Sanwa, Industrial, Long-Term Credit and Dai-ichi Kangyo—will manage the loans.

A Bank of China official says the loans are the largest commercial loans China has received from foreign banks since 1989.

International financial analysts describe the deal as an important measure in the international capital market by the Bank of China, one of the country's major sources of foreign money.

The official says it is another successful co-operation between Japanese banks and the Bank of China following the \$2 billion of syndicated loans from Japan in 1985.

Some Japanese banks said late last year that they would like to support China's construction.

"Thanks to the efforts by both sides, the deal was finally made despite difficulties because of the high international fund-raising costs at present," the official says.

All the loans will be used to support key construction projects in the fields of energy, transportation and basic industry.

The official says the country's strong and steady economic growth has bolstered foreign bankers' confidence in China's future.

These latest loans prove the Japanese financial industry is determined to strengthen its business co-operation with Chinese financial institutions and take part in China's modernization, the official adds.

Almost all Japanese banks have set up affiliates in China. And they conduct all kinds of business here, paying particular attention to financing long-term projects.

Chen Yuan, vice-governor of the People's Bank of China, China's central bank, once described the Japanese banks' performance as "outstanding" in the Chinese financial market.

Japanese banks have an overall plan for China, says Chen. When most other countries are ignoring China's financial market, Japan has quietly gained a foothold here.

Last October, a group of prominent Japanese bankers visited China, seeking to increase the role of Japan's financial community here.

Southeast Asia & Pacific

Li Peng Meets Philippine Secretary Romulo

OW1802140493 Beijing XINHUA Domestic Service in Chinese 1207 GMT 18 Feb 93

[Report by correspondents Ding Qilin (0002 0366 2651) and Chen Yonghong (7115 3057 4767)]

[Text] Beijing, 18 Feb (XINHUA)—Premier Li Peng pointed out today that safeguarding peace and stability in this part of the world and promoting good-neighborly relations have always been an important aspect of the Chinese Government's diplomatic policy.

During a meeting with Roberto Romulo, secretary of foreign affairs of the Republic of the Philippines, at the Great Hall of the People this afternoon, Li Peng said: "We sincerely hope to maintain and develop friendly relations and cooperation with all Southeast Asian countries, including the Philippines."

Li Peng extended his welcome to Romulo, who is visiting China for the first time. He said that since China and the Philippines established diplomatic ties 17 years ago, the two countries' friendly relations and cooperation have smoothly developed in all areas.

Li Peng said that the many exchanges of visits between leaders of the two countries have promoted mutual understanding and friendship. He stated: "We are looking forward to President Ramos' official visit to China. We believe that this visit will significantly contribute to promoting the two countries' friendly relations and cooperation."

During the meeting, Li Peng also expressed his sympathy for the Philippine people for the loss inflicted by the recent volcanic eruptions.

Commenting on the regional situation, Li Peng said that compared with other parts of the world, Asia's situation has been quite stable and its economic development is still maintaining momentum. He said that China is dedicating itself to its own economic development, and hopes that other Asian countries will also enjoy growth.

Romulo stated that he fully agreed with Li Peng's assessment of Sino-Philippine relations as well as the Asian situation. He said the Philippines admires the good-neighborly policy which China upholds. He also indicated that the Philippines will continue to uphold the "one China" policy, as it always has.

Romulo indicated that he believes President Ramos' visit to China will be a complete success.

Ramos Not To Visit Taiwan

OW1902130793 Beijing XINHUA in English
1254 GMT 19 Feb 93

[Text] Beijing, February 19 (XINHUA)—Foreign Secretary of the Philippines today denied the rumor that President Fidel V. Ramos would pay a visit to Taiwan.

Roberto R. Romulo, visiting secretary of foreign affairs of the Philippines, made the denial in an interview with XINHUA here this afternoon.

On the rumor that Ramos would visit Taiwan, Romulo said that "I understand that something like that came out, but I just spoke to the press secretary of the president, and the press secretary apparently denied that to the press this morning. And we will deny it again."

Philippine President Denies Plan To Visit Taiwan
OW1902132393 Beijing XINHUA in English
1301 GMT 19 Feb 93

[Text] Manila, February 19 (XINHUA)—Philippine President Fidel Ramos today denied that he will visit Taiwan.

The president said that contrary to reports emanating from abroad, he has no plans of visiting Taiwan.

Some reports dispatched by Western news agencies from Taipei said President Ramos will visit Taiwan in May despite the absence of diplomatic ties between Manila and Taipei.

As for his visit to China, Ramos indicated that no dates have been fixed.

He added that the dates will be announced in due time upon agreement by both sides.

Philippine Foreign Secretary Roberto Romulo is now in China to make preparations for President Ramos' official visit to China.

Near East & South Asia

Supervision Minister Visits Pakistani President
OW1802135393 Beijing XINHUA in English
1241 GMT 18 Feb 93

[Text] Islamabad, February 18 (XINHUA)—Pakistan President Ghulam Ishaq Khan today highly praised Pak-China [as received] friendship, saying it is "time-tested and all-weather."

While meeting with Wei Jianxing, member of the Politbureau of the Central Committee of the Communist Party of China and China's minister of supervision here at the Presidential Palace, Ishaq Khan said no matter what happened on the international arena and how the two governments change, Pak-China friendship is always deep and consolidated.

During the talks, both sides expressed their wish to enhance cooperation in the field of supervision and administrative accountability.

Wei Jianxing hoped that the ombudsmen of the two countries would establish regular contact on basis of exchange of visits, saying it will not only promote cooperation between the two countries in the special field, but also will consolidate and deepen the friendship between the two peoples.

Ishaq Khan agreed that such exchange of visits would not only promote the already good relations between the two countries but also provide opportunities to learn from each other's experience in fighting against corruption.

Pakistan ombudsman Usman Ali Shah and Chinese Ambassador in Pakistan Zhou Gang were also present on the occasion.

Usman Ali Shah visited China in April 1992 at the invitation of Chinese Supervision Ministry to study its working.

Minister Wei Jianxing and his seven-member entourage arrived in Pakistan on Monday [15 February] for a nine-day visit to the country at the invitation of ombudsman Usman Ali Shah.

Bangladesh Economists Study China's Experience
OW1802110193 Beijing XINHUA in English
0822 GMT 18 Feb 93

[Text] Dhaka, February 18 (XINHUA)—Economists of Bangladesh hold the view that the instance of China could be more relevant for the economic development of Bangladesh than the experiences of the newly industrialized countries of east Asia.

Speaking at a seminar organized here recently by the Bangladesh Institute of International and Strategic Studies, well known economists in this country said that the remarkable Chinese experience of creating evolution through a variety of experiments was more important and relevant to Bangladesh.

Giving the backdrop of the post cold war era featured by the collapse of the Soviet Union, they drew a picture of the prevailing opportunities as well as the limitations in today's world with what they described the international situation continuing to be in a fluid state characterized by changes taking place at an every accelerating pace.

The economists, in their papers, showed the four emerging industrial giants South Korea, Taiwan, Singapore and Hong Kong, leapt forward during last 28 years to where they are today while Bangladesh either went back or in certain instances struggled to remain where it used to be.

They said that by developing its manpower, restoring social and political discipline and improving law and order, Bangladesh could replicate the experiences of the four newly industrialized countries and regions. But this would in no way be an easy task given the fresh challenges and complexities of the post cold war world, they added.

They called upon the political leaders of the country, both in the government and in the opposition, to demonstrate their commitment not only to the cause of sustaining the process of institutionalization of democracy but also of sustaining economic development so that the welfare of the masses of Bangladesh could be self-sustaining.

Latin America & Caribbean

Wen Jiabao Receives Venezuelan Party Delegation

OW1802133393 Beijing XINHUA in English
1237 GMT 18 Feb 93

[Text] Beijing, February 18 (XINHUA)—Wen Jiabao, alternate member of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and member of the Secretariat of the CPC Central Committee, met with a delegation from the Christian Social Party (CSP) of Venezuela here this afternoon.

The two sides exchanged views on the further development of friendly ties between CPC and CSP.

The delegation, led by Jose Rodriguez Iturbe, CSP secretary of international relations and former president of the Chamber of Deputies of Venezuela, arrived here on February 16 as guests of the International Liaison Department of the CPC Central Committee.

Apart from Beijing, they are also expected to visit Xian and Hangzhou.

He Zhenliang Concludes Visit to Argentina

OW1702132393 Beijing XINHUA in English
0818 GMT 17 Feb 93

[Text] Buenos Aires, February 16 (XINHUA)—He Zhenliang, vice-president of the International Olympic Committee (IOC) and China's vice-minister of the State Physical Culture and Sports Commission, concluded a two-day visit of Argentina on Tuesday [16 February].

During his stay here, he met Antonio Rodriguez, IOC member and president of the Argentine Olympic Committee, and Livio Forneris [spelling of names as received], state secretary of sports.

They agreed to increase exchanges and co-operation in sports between the two countries.

The Chinese vice-minister also laid a wreath at a monument to Pierre Coupertin of France, the late founder of the IOC.

He will leave for Uruguay on Wednesday.

Outgoing Envoy Meets Bolivian Acting President

OW1502021593 Beijing XINHUA Domestic Service in Chinese 0337 GMT 6 Feb 93

[Text] Lima, 5 Feb (XINHUA)—Report from La Paz: Ossio Sanjines, Bolivian acting president, emphatically pointed out in La Paz on 5 February that in recent years, China has made great achievements in all fields and its high economic growth rate is seldom seen in other parts of the world.

Ossio made these remarks during a meeting with Xie Rumao, outgoing Chinese ambassador, in the presidential office.

Ossio hopes that China will make even greater achievements in reform, opening up, and economic construction and will succeed in reunifying the country soon and in sponsoring the 2000 Olympic Games.

Ossio also pointed out: The friendly and cooperative relations between Bolivia and China are fruitful and with good prospects.

Political & Social

Dissident Granted Overseas Travel; Another Denied

HK1902052493 Hong Kong MING PAO in Chinese 19 Feb 93 p 14

["Special Dispatch": "Dissident Zhang Xianyang Is Approved To Go Abroad, Whereas Yu Haocheng's Application Is Rejected"]

[Text] In the last few days, Zhang Xianyang, a dissident and famed research fellow at the Chinese Academy of Social Sciences, was approved by the Academy where he works to go to France for academic research. However, the application to go abroad by another Chinese dissident, famed jurist Yu Haocheng was turned down by the relevant authorities.

In a special long-distance telephone interview by a MING PAO reporter in his home in Beijing last evening, Zhang Xianyang said that last year he received an invitation from the French State Academy of Sciences to visit France as a visiting scholar, and his application was approved by the Chinese Academy of Social Sciences two-and-a-half months later following its submission, and that because he had some research work to finish and it took time for him to apply to the public security bureau for a passport and to get a visa from the French Embassy, he was unable to set a departure date in the near future.

Zhang Xianyang said that the main topic of his research in France remains reform issues of contemporary China, which is also the main topic of his research in recent years.

It is generally held that the running of the Qunzhong Publication House, where Yu Haocheng formerly worked, by public security departments has to do with Yu's being banned from going abroad.

Dissident Wang Dan Rests After Interview Session

HK1902035693 Hong Kong SOUTH CHINA MORNING POST in English 19 Feb 93 p 12

[By John Kohut in Beijing]

[Text] Dissident Wang Dan spent his second day of freedom giving press interviews until he finally decided to call it quits and have a rest.

After about 30 hours of interviews, Wang decided to put a note on the door of his parents' home saying he had gone elsewhere to rest.

"We don't know when he will be back," his father said last night.

However, the 23-year-old former Beijing University history student was at home, and was persuaded to talk to at least one further news organization.

Reporters who saw him earlier in the day said he looked pale, but not tired, and coped well with the ongoing interviews.

Still trying to adjust to his new surroundings after spending more than three years in jail, Wang was reluctant to dwell at any length on the student movement or on the economic reforms which were launched while he was in prison.

"Wait and read about it in my book," he said.

But Wang maintained that the student democracy movement was patriotic and that its leaders did not deserve the punishment they received.

When asked if he regretted what he had done, he joked that when he saw his name on top of the Government's list of wanted criminals, he was proud of himself, feeling that he had done something significant.

Wang told a Hong Kong television reporter that he would like to visit the territory and Taiwan if Beijing agreed that he would not be barred from returning to the mainland after the visits.

"I would like to study the experience of two places' political development. But basically it is because they are Chinese places," he said.

Li Peng Chairs State Council Executive Meeting

OW1902095693 Beijing XINHUA Domestic Service in Chinese 0848 GMT 19 Feb 93

[Text] Beijing, 19 Feb (XINHUA)—Premier Li Peng chaired the State Council's 123d Executive Meeting today. The meeting examined and approved in principle the "(draft) regulations governing the dispatching of electrified wire netting," "(draft) regulations governing radios in the PRC," and "(draft) regulations governing contingency plans on accidents at nuclear plants." After necessary revisions, these three sets of regulations will be promulgated by the State Council for implementation.

Zhu Rongji on Restructuring State Council

HK1902060093 Hong Kong MING PAO in Chinese 18 Feb 93 p 58

[By staff correspondent: "In New Central Government, Only Ministry of Light Industry and Ministry of Textile Industry Will Be Dropped"]

[Text] Zhu Rongji, member of the CPC Political Bureau Standing Committee and vice premier of the State Council, pointed out: After the State Council's structural reform, the new central government will only disband two ministries, and the reform target of the next government will be to change all commissions and ministries related to economic management into trade associations.

According to sources in the State Council, Vice Premier Zhu Rongji relayed Premier Li Peng's instruction on the structural reform of the State Council at a recent internal meeting of state organs. He stressed that the State Council would only disband the Ministry of Light Industry and the Ministry of Textile Industry.

In his speech, Zhu Rongji said that he would just convey Premier Li Peng's opinion, and mentioned four main points:

First, the guideline for the current structural reform of the State Council is disbandment, merger, reduction in size, and turning administrative institutions into corporations and trade associations.

Second, as a "pilot scheme" in the new government, only the Ministry of Light Industry and the Ministry of Textile Industry will be disbanded. In the future, the State Council will disband all ministries in charge of specific industries (such as the Ministry of Chemical Industry, the Ministry of Metallurgical Industry, the Ministry of Electronics Industry). Zhu Rongji said: Li Peng particularly mentioned that trade associations in Japan have big powers, so in China, the ministries in charge of various industries will turn themselves into trade associations like those in Japan.

Third, after the disbandment of the Ministry of Light Industry and the Ministry of Textile Industry, the staff will be reduced 50 percent. They will be changed into the Association of Light Industry and the Association of Textile Industry. Zhu Rongji stressed: According to the State Council's decision, these two associations will be different from ordinary unofficial organizations in society, and they will continue to be subordinate to the State Council and will still be responsible for trade management. They will continue to use the official seals that bear the national emblem. The state will not require provincial and municipal governments to correspondingly disband their light industry and textile industry departments, and they can make decisions on their own according to their actual conditions.

Fourth, the redundant personnel in the disbanded and streamlined state organs will no longer be considered civil servants employed by the state.

Zhu Rongji particularly explained to the responsible officials of the Light Industry Ministry that they may now face greater pressure as the first state institutions to be disbanded, the personnel in other departments of the State Council will also be facing great pressure from the planned substantial personnel reduction as a result of mergers. Zhu Rongji particularly mentioned that after the the Ministry of Commerce and the Ministry of Materials and Equipment are merged, the 3,000 staffers in the Ministry of Commerce will be reduced to only 300 people, and a large number of people will find their new jobs in corporations or in corresponding departments at the provincial and municipal level. The work load will also be tremendous.

It is learned that the Ministry of Light Industry and the Ministry of Textile Industry are now actively making preparations for changing themselves into trade associations. However, there are different opinions on the new names. Some people proposed that it be called "China Light Industry Association" [zhong guo qing gong ye zong hui 0022 0948 6535 1562 2814 4920 2585], but others proposed that it be called "China Light Industrial Association" [zhong guo qing gong zong hui 0022 0948 6535 1562 4920 2585], because the former is pronounced like "night club" [ye zong hui 1123 4920 2585] and may produce an "indecent" effect. However, the latter does not give an accurate connotation, so no final decision has been made yet.

According to other sources in Beijing, the pay scales for civil servants in state organs have been repeatedly studied. It is now affirmed that the monthly salary for a department director will be 600 yuan, but this is opposed by the Finance Ministry and the Labor and Personnel Ministry. The responsible officials of both ministries pointed out that at present, the state cannot afford to pay that much money.

NPC Standing Committee Plenary Continues

Wan Li Attends

OW1902113993 Beijing XINHUA Domestic Service in Chinese 0935 GMT 19 Feb 93

[By reporters Zhang Sutang (1728 1372 1016) and Zhang Yinshu (1728 6892 5002)]

[Text] Beijing, 19 Feb (XINHUA)—The 30th meeting of the Seventh National People's Congress (NPC) Standing Committee held a plenary session at the Great Hall of the People today.

Chairman Wan Li attended the session, and Vice Chairmen Peng Chong and Fei Xiaotong chaired the session respectively in the morning and in the afternoon.

State Council Premier Li Peng submitted a written report on his visit to Vietnam to the NPC Standing Committee. Copies of the report were distributed to members for deliberation at the session.

Entrusted by the State Council, Chen Jinhua, minister in charge of the State Economic Restructuring Commission, briefed members on progress in the economic structural reform.

Huang Liankun, vice chairman of the NPC Standing Committee's Credentials Committee, gave a report on examination of the credentials of deputies to the Eighth NPC. According to him, after examination by the Credentials Committee, the credentials of 2,977 deputies to the Eighth NPC were confirmed valid.

In line with the NPC Standing Committee's provisions on inspecting law enforcement, the NPC's Nationalities Committee, Internal and Judicial Affairs Committee,

Education, Science, Culture and Public Health Committee, and Foreign Affairs Committee had respectively inspected the implementation of the Law on Autonomy for Minority Nationalities, the Civil Procedural Law, the Law for Protecting Minors, the Copyright Law, the Law Governing Entry and Exit of Foreign Nationals, the Law Governing Entry and Exit of PRC Citizens, and the Customs Law. At the general session today, these four NPC committees gave briefings or delivered written reports on results of inspection of the implementation of these laws.

An NPC delegation submitted a report on attending the inauguration of the "Asian-Pacific Parliamentary Forum." The copies of the report were distributed to members for deliberation at the meeting today.

Vice chairmen who attended today's session were Ngapoi Ngawang Jigme, Seypidin Aze, Yan Jici, Rong Yiren, Ye Fei, Liao Hansheng, Ni Zhifu, Chen Muhua, Sun Qiment, Lie Jieqiong, and Wang Hanbin.

State Councillors Li Tieying and Wang Bingqian, President Ren Jianxin of the Supreme People's Court, and Procurator General Liu Fuzhi of the Supreme People's Procuratorate attended the session as observers.

Examines Draft Laws

OW1902085593 Beijing XINHUA Domestic Service in Chinese 1024 GMT 18 Feb 93

[By reporters Zhang Sutang (1728 1372 1016) and Zhang Yinshu (1728 6892 2562)]

[Text] Beijing, 18 Feb (XINHUA)—The 30th Session of the Seventh National People's Congress [NPC] Standing Committee continued group discussions yesterday afternoon and today to examine the draft Agricultural Basic Law, the draft Corporate Law, and the draft Basic Law of the Macao Special Administrative Region [SAR]. In deliberating the draft Agricultural Basic Law, committee members said: Agriculture is the foundation of national economic development, social tranquility, and national independence. A steady growth of agriculture is a precondition for the steady growth of the national economy. We urgently need an agricultural basic law to consolidate and develop the fruits of rural economic reform; guarantee the position of agriculture as the foundation of the national economy; develop a socialist market economy in the countryside; safeguard the legitimate rights and interests of agricultural workers; promote sustained, stable, and balanced development of agriculture; and effect the modernization of agriculture. Some committee members pointed out: Because of various natural, economic, and social restraints, agricultural goods production in China remains quite inadequate, economic efficiency in the agricultural sector is still quite low, and peasants are still quite vulnerable. In particular, agricultural production costs have risen. Some localities and departments have paid peasants IOU's for the procurement of farm products and have collected contributions from peasants under all sorts of excuses. Therefore, the

peasants' burden has increased continually over the past three or four years. All of these factors have seriously harmed the peasants' initiative. Therefore, it is very important to formulate an agricultural basic law as a way to effectively guarantee the development of agriculture.

While deliberating the draft Corporate Law, committee members pointed out: Stepping up economic legislation represents a crucial stage in establishing a socialist market economy. Formulating a corporate law is of great significance in establishing corporate standards in China, protecting legitimate corporate rights and interests, safeguarding socioeconomic order, and guaranteeing and facilitating a sound development of the socialist market economy. Since China started implementing the policy of reform and opening up, companies have steadily increased. In recent years, companies of all types have mushroomed, playing an increasingly important role in developing a socialist market economy. Meanwhile, problems have also materialized. It is urgent for us to formulate a corporate law to regulate the conduct of corporations and safeguard the order of the socialist market economy.

As for the draft Basic Law of the Macao SAR, committee members unanimously recommended that the draft be submitted to the First Session of the Eighth NPC for examination.

Committee members pointed out: The Basic Law is in line with Comrade Deng Xiaoping's idea of "one country, two systems," with the Sino-Portuguese Joint Declaration, with Macao's history and reality, and with the interests of local residents. The draft law, which has undergone repeated discussions and revisions, is rather mature.

During the discussions, committee members also submitted specific amendments to the draft Agricultural Basic Law and the draft Corporate Law.

Sources Say Wen Jiabao To Become Vice Premier

HK1902033893 Hong Kong THE STANDARD in English 19 Feb 93 p 8

[Article by S.L. Law]

[Text] Wen Jiabao, an alternate Politburo member who is also director of the General Office of the Communist Party Central Committee, will be promoted to vice-premier, with special responsibility for agriculture, at next month's National People's Congress (NPC), according to Chinese sources.

Sources said Wen's promotion, replacing one of the incumbents Tian Jiyun who in turn would become vice-chairman of the NPC, was proposed by the party general secretary Jiang Zemin.

"This would be the second important position given to Wen by the party chief since the 14th party congress was held last October," the source said.

"After becoming head of the party central's finance and economic panel, Jiang made Wen the panel's secretary-general."

It was believed Wen had developed close ties with the party boss through his position as a member of the party secretariat.

Wen, 50, was one of the young political high-flyers who rose during the reign of disgraced party chief Zhao Ziyang.

Even though he was a close ally of Hu Qili, an aide of Zhao, Wen survived the purge of party officials sympathetic to the student-led pro-democracy movement of 1989.

The Tianjin-born former geologist started his political career in the northwestern province of Gansu in the early 1980s.

Wen was appointed deputy director of the general office of the party Central Committee in 1985 and director a year later.

Chinese Foreign Minister Qian Qichen and Minister of Foreign Economic Relations and Trade, Li Lanqing, were also expected to be promoted to vice-premiership in charge of foreign affairs and trade portfolios.

Sources said Qian and Li would hold their present ministerial posts after the promotion.

Current vice-premiers Zhu Rongji and Zou Jiahua would stay on after the NPC scheduled to open on 15 March.

Zhu, set to become the first vice-premier replacing retiring Wu Xueqian, would hold a position as head of the high-powered Economic and Trade Office (ETO) while Zou would still head the State Planning Commission which is to be given a much-reduced role.

Article Views 3 Key Tasks for NPC Congress

HK1802133693 Hong Kong TANGTAL in Chinese No 23, 15 Feb 93 pp 22, 23

[Article by Lu Yu-sha (7627 6276 2619): "Three Key Tasks for the Eighth National People's Congress: 'Leadership Reshuffle, Constitutional Amendments, and Merger of Institutions'"]

[Text] As the Eighth National People's Congress (NPC) and the Eighth National Chinese People's Political Consultative Conference (CPPCC) is to be held in March to elect new leadership bodies, the CPC Central Committee with Jiang Zemin at the core is making full preparations for the occasion. Three important items will be on the agenda.

1. A major leadership reshuffle.

2. Constitutional changes. In November last year, a group headed by Qiao Shi was set up to take charge of revising the Constitution.

3. Administrative restructuring.

The leadership reshuffle, which is actually the final step in putting into effect the personnel arrangements made by the 14th CPC National Congress, will become the most important item on the agenda. Informed sources have indicated that the CPC Central Committee is likely to hold the second plenary session in February rather than early March to make the final decision on the personnel arrangement so that it will have ample time to inform the democratic parties of the two bodies' draft new leadership lineups.

A New Controversy Over Personnel Arrangements

Before the Spring Festival, as instructed by Deng Xiaoping, the CPC Central Committee Political Bureau called a "democratic life meeting" to discuss the draft new leadership bodies for the NPC and National CPPCC. Attending the meeting were Yang Shangkun, who is to retire; Wan Li, NPC chairman; and Bo Yibo, retired vice chairman of the Central Advisory Committee, among others. According to the decision made at "the 14th CPC National Congress" three months ago, Jiang Zemin will concurrently hold the post of PRC president, Li Peng will keep his present post as State Council premier, Qiao Shi will be appointed NPC chairman, and Li Ruihuan will be National CPPCC chairman. This decision had Deng Xiaoping's full support. At the "democratic life meeting" held less than 100 days later, however, someone opposed Li Ruihuan's appointment, saying that "he does not have ample qualifications for the post." This reminded us of the "democratic life meeting" held in January 1987, because it was three days after the meeting that Hu Yaobang was deposed. Nobody knows when the personnel disputes in the CPC hierarchy will end.

Ultra-Left Faction Continued To Attack Li Ruihuan

Following the 14th CPC National Congress, Li Ruihuan was de facto National CPPCC chairman. He met with several important groups from Hong Kong and Macao. Through the speeches he made to the groups, he left a deeper impression on the public than his predecessor Li Xiannian had done. Telling the truth and being practical are Li Ruihuan's most remarkable strong points and also represent his distinguished personal style. Not only were his "qualifications" brought into question at the "democratic life meeting," but he was repeatedly attacked before and after the meeting as well. The forces that favor the left ideology are the ones that have made determined efforts to expel Li Ruihuan. At the 14th CPC National Congress, they regarded depriving Li Ruihuan of his leading post in charge of ideological work as a major victory—but they were not satisfied with this. After the "14th congress," they continued to obstruct Li Ruihuan from being appointed "CPPCC chairman."

The ultra-left faction has made this their objective in the upcoming eighth NPC congress and National CPPCC conference.

Several young people recently made a telefilm in praise of the "14th congress" and presented it to Zhu Tong, former director of the CPC Central Committee Propaganda Department Policy Research Office, for examination (the young men did not know that Zhu had retired two years ago). Zhu went so far as to cross the names of Qiao Shi and Li Ruihuan off the list of seven members of the Political Bureau Standing Committee, as indicated in the film, and did not report it to the leadership of the Propaganda Department.

Power Pattern May Undergo Another Change

This incident caused considerable shock in Beijing. Some people could not help wondering whether Zhu Tong is a second Zhou Longbin. At a meeting for the left faction held at the Beijing Teachers' University on 16 August of last year, Zhou revealed the personnel arrangement to be approved by the "14th congress," saying that the "14th congress" will put Li Ruihuan in charge of the CPPCC instead of ideological work. Before the "14th congress," Li Ruihuan also complained: "Did Zhou Longbin not arrange my work long ago?"

Repeated attacks by the left faction have covered the CPC's political prospects with dark clouds. If Li Ruihuan should fail to fill an administrative post, the new seven-Standing-Committee-member leadership structure would disintegrate where power is concerned. The most likely candidate for the post of "CPPCC chairman" would be Bo Yibo, a political elder. In that case, the power of fully retired political elders would overlap the power of the politburo standing committee, making it impossible for the transfer of CPC power to the younger generation to proceed as intended.

Another person greatly affected by the left faction's offensive would be Qiao Shi, Political Bureau Standing Committee member. His qualifications for PRC chairman would also be called in question. As a result, the square table of power "integrating the party with the government" (that the first four members of the politburo standing committee form the four pillars holding the power of the state and government) meticulously built up by the "14th congress" would not be in good shape, because one of its legs would be cut off and another would break. What matters is whether Deng Xiaoping, the ironhanded individual who holds the balance, would be willing to do away with the personnel arrangement made by the "14th congress" and set up a new kitchen.

What is gratifying is that the candidates for four vice premiers are winning increasing support. They are Zhu Rongji (senior vice premier), Zou Jiahua, Qian Qichen, and Li Lanqing. They clearly favor reform, and this increases the confidence of their fellow countrymen.

Administrative Restructuring Brooks No Optimism

Administrative restructuring is related to changing the market mechanism. The present situation still brooks no optimism. According to the most practicable section of the administrative restructuring program drawn up by the State Council, known as the "seven ups, eight downs" section, only one ministry will be cut out, specifically, the Commerce Ministry and the Materials Ministry will combine to form a new ministry. As for the system of public service which has been discussed for quite some time, it seems conditions are not ripe to introduce the system. It has been learned that the pay of state personnel will increase 100 percent as of the second half of 1993, in accordance with a State Council resolution (the Army will also introduce corresponding reforms and will advance well ahead of other sectors in this regard). However, this will not change the present "system of offering jobs according to grades [deng ji shou zhi zhi 4583 4787 2219 5120 (0-55)]," showing that China still has a long way to go to introduce the public service system. The large number of administrative personnel laid off will mainly engage in running trade companies [hang ye gong si 5887 2814 0361 0674], but this will render administrative restructuring a mere formality, a defect which has been clearly seen in reforms of previous years.

CPC Elders' Spheres of Influence Studied

HK1802135093 Hong Kong TANGTAI in Chinese No 23, 15 Feb 93 pp 24, 25

[Article by Lu Yu-sha (7627 6276 2619): "CPC Elders' Spheres of Influence Are Finalized—Princelings Make Gains in Provinces, Cities"]

[Text] In light of CPC practice, the provincial- and city-level party congresses should be held after that of the central level because the principal leaders of the provinces and cities are to be elected by the party congress. However, the provincial- and city-level people's congresses must be held before the National People's Congress [NPC] because delegates attending the NPC are elected by the provincial and city people's congresses.

Following the 14th party congress, another new and unannounced principle has been established, that is, the separation of party leadership from government management is no longer mentioned. For the sake of enhancing the legislative power of the people's congresses, the first secretaries of the provinces and cities will concurrently be chairmen of the people's congress standing committees. At the people's congresses of the provinces and cities currently in progress, a number of first secretaries have lost elections. These include Zhejiang CPC Secretary Li Zeming, Guizhou CPC Secretary Liu Zhengwei, and Hubei CPC Secretary Guan Guangfu. In Hainan, which has undergone a major reshuffle, the chairman of the provincial people's congress is now the new Secretary

Ruan Chongwu. How will the First Session of the Eighth NPC deal with such a situation? This is indeed a question of common concern.

Princelings Win at Local Elections

It was Deng Xiaoping's major historic achievement to keep the princelings out of the 14th party congress cabinet. However, this does not mean that they have withdrawn from the political stage, merely that they are trying to win local elections instead. The structure of the provincial and city leading bodies now presents the following characteristic: Almost all leading bodies contain princelings. In other words, the provinces and cities are divided into the spheres of influence of the major political clans.

Apparently, Shandong, Shanxi, and Jiangxi are under the control of Deng's men. The struggle to win Sichuan is under way. Deng suffered a setback when Xiao Yang lost the election for the 14th party congress. As it is his hometown, Deng Xiaoping will never give up and will continue to launch an offensive at the Eighth NPC.

Zhejiang, Jiangsu, the southeast coast, and Henan in central China are under the control of Chen Yun. Last year, Chen Yun's son, Chen Yuan, was removed from office as deputy director of the Bank of China [BOC]. This situation was clear because he was officially appointed party secretary and concurrently vice chairman of the Shanghai Pudong Development Zone earlier this year. In the year following the talks made by Deng Xiaoping during his southern trip, Chen Yun appeared publicly in Shanghai on two occasions. He met with Shanghai leaders and expressed his support for Shanghai's reform and opening up. Shanghai is Chen Yun's hometown as well as the place where he started his political career. Although Shanghai is also the front where Deng Xiaoping issued Huangfu Ping articles after the 4 June incident and once again encouraged reform and opening up, Chen Yun will not easily give up his old base. Chen Yuan lost the elections in Beijing during the 13th party congress and also lost the chance of being promoted to the office of deputy secretary of Beijing municipality. Later, he was personally assigned by Zhao Ziyang to the office of vice president of the BOC. Chen Yuan left for the south because first, the Chen faction, which had lost influence, intentionally hid itself from the political center of Beijing and second, they wanted to cherish their ambitions and reestablish their political sphere of influence in Shanghai.

Apparently, Guangdong is under the control of the Ye's. It has been reported that the central authorities had planned to transfer Ye Xuanping to Beijing to assume the post of director of the Central United Front Office after the 14th party congress. Unexpectedly, Ye rejected the offer, with his father Ye Jianying's testament in his hands: "You cannot go to Beijing." The sphere of influence of Xi Zhongxun in Fujian can be seen clearly

from his second son, Xi Jinping's, transfer from being mayor of Xiamen to mayor of Fuzhou, because of his bad relations there.

The northwest is now under the control of the central northwest faction composed of CPC veterans while the northeast is under the control of Song Renqiong and Song Ping.

Combination of Power and Money

Economic interests constitute the essential means adopted to form the alliances between the princelings and the major provincial and city officials, including the power exchanges between the provinces and cities and the new central leaders. For this reason, a sharp-eyed person working at the key CPC organs made the following remarks: "Anticorruption would have been regarded as sharing the worries of the country and the people a few years ago. But it would be naive to raise this question now." Like the ordinary individual businessmen, major officials from the central ones to those in the localities are all pursuing money and wealth.

Following Deng Xiaoping's talks during his southern trip, an economist with independent opinions asserted that "the acceleration of the transfer to the market economy is tantamount to speedily completing the transfer of the CPC top levels toward landlords and capitalists." This has already become an irrefutable fact. It is said that a secretary to the provincial party secretary in a coastal province commended by the central authorities formed a group with the children of a central clan and the children of the secretary of that clan, with assets totaling 600-700 million yuan. The amount of money is the foundation of the political alliance.

The group has a plan to purchase a county to conduct an experiment whereby the party and government organs will all be abolished. The county will be run by the group, which can match the strength of Western consortia. If the group expands in such a way, its future will be difficult to estimate. If measured by this standard, the slogan "grasp party spirit, run a clean government, and resolutely eliminate negative and corrupt practices" repeated by the CPC political oligarchy will be worthless.

Statistical Communique on 1992 Development

OW1902021293 Beijing XINHUA Domestic Service in Chinese 0048 GMT 18 Feb 93

["Statistical communique" issued by the State Statistical Bureau on 1992 national economic and social development]

[Text] Beijing, 18 Feb (XINHUA)—In 1992, people of all nationalities throughout the country seriously implemented Comrade Deng Xiaoping's important talks during his southern tour and the 14th national party congress guidelines. Our country's program of reform, opening up, and modernization entered a new phase of

vigorous development; various localities and departments showed unprecedented levels of enthusiasm; and the overall pace of reform and opening up was quickened. These effectively fueled the rapid growth of the national economy, led to major achievements in all areas, and marked a good beginning for our country in raising its economy to a new level during the 1990's. According to preliminary statistics, the gross domestic product [GDP] for the entire year was 2.3938 trillion yuan, up 12.8 percent from the previous year. Of this figure, the incremental value [zeng jia zhi 1073 0502 0237] of the tertiary industry was 662.3 billion yuan, or 27.7 percent of the GDP, up 9.2 percent from the preceding year. Major economic problems included the extended scale of investment in fixed assets, excessive money supply, strained communications and transportation services, and large price increases for commodities in urban areas and for certain production means.

I. Agriculture

Agricultural production continued to develop. In 1992, rural areas throughout the country further improved the household contract responsibility system with remuneration linked to output, actively promoted the construction of a system of multifarious socialized farm services, enthusiastically restructured agricultural production, briskly developed farmland water conservancy projects, and achieved fairly good results in agricultural production. The incremental value of agriculture for the entire year was 580.8 billion yuan, or 24.2 percent of the GDP, up 3.7 percent from the previous year.

The crop mix was readjusted, resulting in a larger proportion of quality grain. Among major farm products, total grain output was 442.58 million tonnes, 7.4 million tonnes more than in the previous year—the second year of record output. Cotton output declined significantly because of serious drought and insect pests. The output of oil-bearing crops basically remained at the same level, while that of sugarcane and flue-cured tobacco reached record levels. More bumper harvests of vegetables and fruit were reaped. Nonetheless, the prices of agricultural production means rose rather swiftly, the problem of selling farm products was quite acute, farmland in some localities was improperly occupied and used, and the status of agriculture as the foundation of the national economy remained quite fragile.

The output of major farm products was as follows:

	Output in 1992 (in million tonnes)	Percentage Change from 1991
Grain	442.58	1.7
Cotton	4.528	-20.2
Oil-bearing crops (all)	16.4	0.1
(only rape-seed)	7.653	2.9
Sugarcane	72.52	6.8

Beetroot	15.01	-7.9
Jute & bluish dogbane	0.619	20.7
Flue-cured tobacco	3.142	17.8
Silkworm cocoons	0.673	15.2
Tea	0.559	3.1
Fruits	24.0	10.3

China scored new achievements in developing forestry and afforestation. Afforested areas across China in 1992 totaled 88.97 million mu, up 6 percent over 1991. China made new progress in developing its shelter forest system. Various state afforestation projects and projects on fast-growing and high-yielding forests were intensively carried out. The forest coverage rate continued to rise.

Animal husbandry developed comprehensively. The output of major animal products and livestock inventories was as follows:

	Output in 1992 (in million tonnes)	Percentage Change from 1991
Pork, beef, and mutton (total)	29.33	7.7
(Beef & mutton only)	3	10.3
Milk	5.01	7.8
Sheep wool	0.247	2.9
Pigs slaughtered (in million heads)	348	5.8
Number of pigs at year's end (in million heads)	385	4.2
Number of sheep at year's end (in million heads)	206	Unchanged
Number of draught animals at year's end (in million heads)	134	1.7

The fishery output registered another record high. Aquatic products output in 1992 totaled 15.46 million tonnes, up 14.5 percent over 1991. Of this total, freshwater products output grew 12.1 percent, and marine products grew 16.1 percent.

Conditions for agricultural production continued to improve. By the end of 1992, China's aggregate power of farm machinery reached 302 million kw, an increase of 2.6 percent over the figure at the end of 1991. There were 758,000 large- and medium-sized tractors, a drop of 3.3 percent; 7.423 million small and hand-held tractors, up 1.6 percent; 654,000 heavy-duty trucks, a rise of 6 percent; and irrigation and drainage equipment with a total power capacity of 73.59 million kW, an increase of 1.3 percent. A total of 29.47 million tonnes of chemical fertilizers (in terms of 100-percent active ingredients) were applied in 1992, an increase of 5 percent. Rural consumption of electricity in 1992 was 110.7 billion

kw-hours [kwh], up 15 percent. Water conservancy construction projects were strengthened, and effective irrigation acreage continued to expand.

The rural economy continued to develop comprehensively. In 1992, village and town enterprises developed rapidly. Nonagricultural sectors—including rural industry, construction, transportation, commerce, and catering—grew 36.9 percent, and their proportion in the rural economy further expanded.

II. Industry and Construction

In 1992, the entire country actively implemented the "Regulations on the Change of Operating Mechanisms in State-Owned Industrial Enterprises," widened and deepened industrial reform, quickened the transformation of operating mechanisms and the readjustment of structure in enterprises, and enhanced the role of market mechanisms. These, coupled with the surge in demand for investment, provided strong impetus to the fast growth in industrial production. The incremental value of industry for the entire year was 1,011.6 billion yuan, a 20.8-percent increase from the previous year. It was the highest growth rate since the introduction of reform and opening up, and represented 42.3 percent of the GDP. Collectively owned enterprises, Sino-foreign joint ventures and cooperative enterprises, and exclusively foreign-owned enterprises registered rapid growth in production. Industrywide, the collective sector posted 28.5-percent growth; Sino-foreign joint ventures, cooperative enterprises, and foreign-funded enterprises registered a 48.8-percent increase; and the nonstate sector accounted for 61 percent of the nation's new industrial incremental value. Production in coastal areas grew significantly faster than that of the hinterland. Jiangsu, Zhejiang, Fujian, Shandong, Guangdong, Guangxi, and Hainan accounted for approximately 60 percent of the nation's new industrial incremental value. State-owned enterprises, especially large and medium enterprises, showed greater vitality. The incremental value of the state-owned industrial sector for the entire year grew by 14.4 percent over the previous year, while that of large and medium industrial enterprises rose by 15.5 percent.

The incremental value of light industry for the entire year was 504.7 billion yuan, up 20.9 percent from the previous year, while that of heavy industry was 506.9 billion yuan, up 20.7 percent from the preceding year. The output of major industrial products registered varying degrees of growth.

The output of major industrial products follows:

	Output in 1992	Percentage Change From 1991
Chemical fibers	2.083 million tonnes	9.1
Yarn	4.9 million tonnes	6.3
Cloth	18.3 billion meters	1.8
Machine-made paper and paperboard	15.9 million tonnes	7.5

Sugar	8.155 million tonnes	27.4
Crude salt	28.13 million tonnes	16.7
Cigarettes	32.88 million boxes	1.9
Synthetic detergents	1.616 million tonnes	10.6
Color Televisions	13.14 million sets	9.1
Household washing machines	7.127 million units	3.7
Household refrigerators	4.753 million units	1.1
Total energy production (in terms of standard fuel)	1.067 billion tonnes	1.8
Raw coal	1.11 billion tonnes	2.1
Crude oil	142 million tonnes	0.5
Electricity	747 billion kwh	10.3
Steel	80 million tonnes	12.7
Rolled steel	65.34 million tonnes	15.9
10 kinds of nonferrous metals	2.93 million tonnes	13.1
Cement	304 million tonnes	20.3
Timber	55.8 million cubic meters	-3.9
Sulfuric acid	13.96 million tonnes	4.7
Soda ash	4.506 million tonnes	14.5
Chemical fertilizer (in terms of active ingredients)	20.99 million tonnes	6.1
Chemical insecticides	284,000 tonnes	11.3
Power generating equipment	13.12 million kw	12.7
Metal-cutting machine tools	212,000 units	29.1
Automobiles	1.082 million	51.5
Tractors	63,000 units	19.2

The economic efficiency of industry gradually picked up, reversing the decreasing trend of previous years. The comprehensive index of industrial economic efficiency in 1992 increased to 89 from 84 the preceding year. Of this, the sales rate of manufactured goods was up from 95.3 percent to 95.5 percent; the ratio between capital and profit/tax, rose from 9.7 percent to 10.1 percent; the ratio between cost and profit, rose from 4.1 percent to 4.7 percent; the frequency of circulating fund turnover, rose from 1.55 to 1.62; the rate of net industrial output value rose from 26.9 percent to 27 percent; and the overall labor productivity (calculated in terms of net output value) increased 19.5 percent. However, overall economic efficiency was still relatively low; products and semifinished products accounted for a large amount of funds; and deficits in state-owned enterprises remained rather serious.

The construction industry saw rapid development. Along with fast growth in investment in fixed assets and the continuous deepening of reform in the construction

industry in 1992, the operation of construction enterprises quickened noticeably. Annual incremental value of the construction industry was 139.2 billion yuan, up 18 percent on the preceding year. The economic returns of state-owned construction enterprises increased in all fields; overall labor productivity increased 20.4 percent; and the total floor space of buildings completed was 100 million square meters, up 2.5 percent. Enterprise deficits dropped to 13.9 percent from 15.9 percent the preceding year, and the ratio between capital and profit/tax rose to 6 percent from 5.5 percent the preceding year. Construction quality was also somewhat improved.

Notable results were obtained in geological surveys. Geological surveying units completed a total drilling of 8.51 million meters. There were 171 newly developed mineral areas. The number of verified reserves increased for 32 kinds of minerals; among them, the biggest increases were seen in natural gas, up 182 percent; and copper, up 199 percent.

III. Investment in Fixed Assets

Investment in fixed assets increased by a large margin. Completed investment in the country's fixed assets was 758.2 billion yuan (727.8 billion yuan according to the requirements of planned management), a 37.6 percent increase over 1991 and was the second highest figure since the introduction of reform and opening up. Of this, investment by state-owned units was 510.6 billion yuan, up 40.7 percent; that by collective units was 123.3 billion yuan, up 76.7 percent; and individual investment was 124.3 billion yuan, up 5.1 percent. However, the number of new projects increased excessively, and the scale of construction was overextended. In 1992, there were 89,000 newly started capital construction, technical updating, and transformation projects costing 50,000 yuan or more in state-owned units, that is 14,000 more than the previous year. Of these, there were 12,000 projects each worth 1 million yuan or more, 1,568 more than 1991. The total amount of investment in projects under construction in the country was 2,790 billion yuan, up 49 percent and exceeding the margin of increase in investment completed in 1992.

Investment in capital construction projects by state-owned units was 291.1 billion yuan, up 37.6 percent; that in technical updating and transformation was 141.9 billion yuan, up 38.6 percent; that in the construction of commodity houses was 48.5 billion yuan, up 93.5 percent; while investment in other types was 29.1 billion yuan, up 22.1 percent. In terms of administrative authority, investment completed by central authorities was 189.2 billion yuan, up 24.7 percent from the preceding year; and that by local authorities was 321.4 billion yuan, up 52.2 percent.

Of the total investment by state-owned units, the share of tertiary industries increased from 33.6 percent to 38.2 percent in 1991; and that in transportation, posts and telecommunications rose from 14.4 percent to 16.4 percent. However, the share of investment in secondary

industries dropped from 28.3 percent to 24.9 percent in the energy industry, and from 15.7 percent to 14.9 percent in the raw and semifinished materials industry.

New progress was made in the construction of key state projects. A total of 115 large and medium capital construction projects, 120 single items attached to large and medium projects, and 121 large technical updating and transformation projects above the quota were completed and put into operation. Among the key projects that were completed in 1992 were: a newly increased annual mining capacity of 7 million tonnes for Huolinhe Opencut Coal Mine in Inner Mongolia, a newly increased installed power-generating capacity of 300,000 kw for Baishan Hydroelectric Power Station in Jilin, a newly increased installed power-generating capacity of 600,000 kw for No. 2 Shidongkou Power Plant in Shanghai, the 652-km Datong-Qinhuangdao Railway, the 2,800-km optical cable project in the southern coastal region, the second phase of Ningbo's Beilun Port which has an annual handling capacity of 160 tonnes, the Chengdu Seamless Steel Pipe Plant, and Henan's Zhongyuan Pharmaceutical Plant.

Newly increased production capacity in 1992 by way of capital construction projects included: 20.65 million tonnes of coal mining, 12.23 million kw of power generation, 15.13 million tonnes of oil extraction, and 1.5 billion cubic meters of natural gas extraction (both include capacity through technical updating projects and investment in other types of projects), 1.25 million tonnes of iron ore mining, 2.2 billion cubic meters of timber felling and transporting, 1.9 million tonnes of cement, 476 km of new railways and 323 km of double-line railways put into operation, 939 km of electrified railways, 45.26 million tonnes of cargo handling capacity at coastal harbors, and 2,376 km of new highways.

IV. Transport, Posts, and Telecommunications

The communications and transportation sector continued to grow in an all round way. The annual incremental value was 140.2 billion yuan, up 9.1 percent from 1991. However, contradictions resulting from a failure by communications and transportation to keep up with the needs of economic and social development were aggravated; strains on railway transportation intensified; the irrational transport fare disparity and poor road conditions adversely affected the transport capacity of highways; and outdated technology and insufficient transport capacity further delayed the handling of cargo at harbors.

The volume of transportation by various means was as follows:

	1992	Percentage Increase over 1991
Rotation Volume of Freight Transport	2,905.9 billion tonnes/km	3.8
Railway	1,162.0 billion tonnes/km	5.9

	1992	Percentage Increase over 1991
Highway	350.0 billion tonnes/ km	2.0
Waterway	1,330.0 billion tonnes/km	2.5
Airway	1.35 billion tonnes/ km	33.7
Pipe lines	62.5 billion tonnes/ km	0.6
Rotation Volume of Passenger Transport	675.9 billion people/ km	9.4
Railway	315.0 billion people/ km	11.5
Highway	303.0 billion people/ km	5.5
Waterway	18.0 billion people/ km	2.0
Airway	39.9 billion people/ km	32.5
Cargo Handled at Major Coastal Ports	590 million tonnes	10.9

Postal and telecommunications services saw rapid growth in 1992, with a 42 percent increase in total business volume. Of this, the increased rate of express mail, radio call, and mobile telephone services exceeded 60 percent. The growth in long-distance and urban telephone services was accelerated noticeably. The long-distance telecommunications network covered 1,400 cities and counties, 330 more than the preceding year. The capacity of urban program-controlled telephones increased by 3.32 million channels to reach 9 million channels, and the ratio of such telephone switchboards to the total capacity of urban telephone switchboards rose from 55.2 percent to 67.4 percent. Despite fairly fast growth in postal and telecommunications services in recent years, the capacity of telecommunications remained rather inadequate.

V. Domestic Commerce and Market Prices

Sales of consumer goods in the domestic market grew steadily. As reforms in the distribution sphere continued in 1992, the market had an ample supply of consumer goods, and buying and selling were brisk. In 1992, the volume of domestic retail reached 1,089.4 billion yuan, an increase of 15.7 percent over that of the preceding year (the actual growth was 9.8 percent after adjustment for price factors). The retail volume of consumer goods reached 961.3 billion yuan, an increase of 16.6 percent; the retail volume of materials for agricultural production reached 128.1 billion yuan, an increase of 9.5 percent. Of the retail volume in consumer goods, cities accounted for 538.6 billion yuan, an increase of 18.9 percent over the preceding year; rural areas accounted for 422.7 billion yuan, an increase of 13.8 percent.

All forms of the economy registered growth in the retail of commodities which they produced. Compared with the preceding year, retail sales of state-owned units grew

17.6 percent, those of collectively owned units grew 8.6 percent, and those of independent operators grew 21.3 percent; peasants' retail sales among nonagricultural residents increased 17.4 percent. The sales of all kinds of consumer goods show that edible commodities enjoyed steady growth, including an increase of 7.7 percent in grain, an increase of 9.9 percent in vegetable oil, and an increase of 2.3 percent in pork. Of wearable commodities, sales of cotton fabrics and knit underwear declined by about 10 percent, and sales of assorted garments increased by 6.1 percent. Sales of all durable goods enjoyed some growth in varying degrees, with the exception of cassette tape recorders, electric fans, and black and white television sets.

Selling and buying were brisk in the production materials market. In 1992 the nation's material supply and marketing enterprises purchased 551.4 billion yuan of production materials, an increase of 39.7 percent over the preceding year, and sold 589.1 billion yuan of production materials, an increase of 39.5 percent over the preceding year; but actual growth was 23.5 percent after adjustment for price factors.

A relatively large step was made in price reform. In 1992 the nation raised the purchasing and selling prices of food grain and introduced price reform in projects relevant to railway freight transportation, coal, natural gas, other basic goods, and certain public services. Under the premise of providing their residents with appropriate subsidies, many cities decontrolled the prices of meat, poultry, eggs, and vegetables; increased rents and prices on some services; and noticeably improved the market's mechanisms in shaping prices through expanding its regulatory functions. Of the total sales of production materials, over 70 percent were regulated by the market; of the total retail in commodities, about 90 percent was regulated by the market. While the extent of commodity price increases was brought within the targets of macroscopic regulation and control, the extent of the price increases was greater in cities, especially in large cities. There the residents were affected by substantial increases in prices of food, rents, utilities, tuitions and miscellaneous fees, and hair-cutting. The extent of the increase in residents' living expenses was quite substantial.

The extent of increases in assorted prices in 1992 over the preceding year are:

	(percentage change)
1. Residents' living cost	6.4
Cities and towns	8.6
35 large, mid-size cities	10.9
Rural areas	4.7
2. Prices of retail commodities	5.4
Consumer goods	5.6
Foods	7.7
Grain	24.3

	(percentage change)
Edible vegetable oil	5.8
Clothing	2.8
Daily necessities	1.4
Cultural and recreational goods	-4.3
Books, newspapers, magazines	3.3
Medicines and medical goods	9.1
Building and decorative materials	6.5
Fuels	14.6
Materials for agricultural production	3.7
3. Services	13.4
Cities and towns	15.8
35 large and mid-size cities	21.3
Rural areas	11.6
4. Purchasing prices of energy, raw material	11.0
5. Factory prices of industrial goods	6.8
6. Purchasing prices for agricultural and sideline products	3.4

VI. Foreign Economic Relations

In 1992 China conspicuously expanded the scope and areas of its opening up to the outside world. An initial pattern of omnidirectional extensive opening enabled China to forge closer links with the world economy and enlivened China's economic relations with foreign countries to an unprecedented level.

Imports and exports registered fast growth. Customs statistics showed that in 1992, the value of exports totaled \$85 billion, up 18.2 percent; the value of imports amounted to \$80.6 billion, up 26.4 percent. The setup of imports and exports further improved: the proportion of manufactured goods to exports increased to 80 percent, while imports of raw and semifinished materials, machinery, and transportation equipment in short supply increased markedly. Spurred by the giant torrent of reform and opening up, exports by Sino-foreign joint ventures, as well as cooperative and solely foreign-owned enterprises, increased by a large margin; the value of their annual exports was \$17.4 billion, up 44.1 percent from 1991, and their share in the value of total exports rose from the previous year's 16.8 percent to 20.4 percent.

Utilization of foreign capital grew significantly. In 1992, China signed new agreements for using \$68.5 billion in foreign capital, up 250 percent from 1991. Foreign capital actually utilized during the year was \$18.8 billion, up 62.7 percent. Of this, \$57.5 billion was in the form of contracted direct foreign investment, and the

actual investment realized in 1992 was \$11.16 billion, up 380 percent and 160 percent respectively. Along with the expansion in investment and areas of opening up, Sino-foreign joint ventures, as well as cooperative and solely foreign-owned enterprises, increased by large numbers along with the expansion in investment and areas of opening up. By the end of 1992, 84,000 such foreign-funded enterprises were registered in China, 47,000 more than at the end of 1991.

Marked progress was made in economic and technical cooperation with foreign countries. Construction projects, and labor service projects contracted by China with foreign countries in 1992, totaled \$6.3 billion, 75 percent more than 1991; the accomplished operational revenue reached \$2.8 billion, up 18.5 percent.

International tourism continued to grow. In 1992, China received 38.11 million international tourists who came to China for various activities, 14.3 percent more than in the previous year. The income in foreign exchange from tourism was \$3.95 billion, up 38.7 percent.

VII. Science, Education, Culture, Public Health, and Sports

The deepening of reform in the science and technology management system helped integrate science and technology with economic activities, and vigorous advancement in science and technology played a positive role in stimulating high economic growth and improving the quality of economic operations. In 1992 China achieved 31,000 key scientific results. Of this total, 980 received prizes from the state, including 170 prizes for invention, 649 prizes for progress in science and technology, and 161 Spark prizes. Patent offices received 67,000 domestic and foreign patent applications, and 31,000 patent applications were approved, up 34 percent and 28 percent respectively. Fresh progress was made in the construction of key state laboratories, with 10 key laboratories constructed in 1992. As of the end of 1992, China had approved the establishment of 52 state high and new technology and industry development zones.

Financial input into scientific and technological progress increased further. Expenditures on scientific and technological activities by research institutions, universities, and large and medium industrial enterprises in 1992 was 42.1 billion yuan, up 3.2 percent from the previous year. Of this, expenses on research and development totaled 16.9 billion yuan, representing a 19 percent increase over 1991 and accounting for 0.71 percent of the gross national product. Scientific and technical personnel grew in size. China had 24.57 million professionals and technicians working in state-owned enterprises and institutions by the end of 1992, up by 2.7 percent over 1991.

There were 5,487 state-owned independent research and development institutions above the county level, 2,230 research institutions affiliated to universities, and 8,522 research institutions affiliated to large and medium-sized industrial enterprises. A total of 2.324 million people were engaged in scientific and technological activities in the above-mentioned research institutions, of which 1.424 million were scientists or engineers.

In 1992, there were 842 institutions in China responsible for the inspection and supervision of quality for manufactured products, of which 227 were state-level inspection and supervision centers. A total of 1,020 state standards of various types were formulated or amended. The year 1992 also saw the establishment of 1,574 super short-wave transmission stations across the country for the weather warning and service system.

More progress was made in the development of markets for the transfer of technology. During 1992, some 236,000 contracts for the transfer of technology were signed, involving a transaction value of 15.08 billion yuan, up 13.8 and 59.1 percent respectively as compared with the previous year. Cooperation between enterprises and institutes of higher learning and science institutes increased. In 1992, related institutes of higher learning and science institutes cooperated with 22,000 state-owned industrial enterprises listed in the state budget, transferring to them 8,740 scientific and technological findings and establishing 4,889 joint research and development projects. Another 7,000 projects were launched under the "Spark Program," and 1.3 million management and technical personnel received training.

New progress was made in various educational undertakings, and general higher education developed rapidly. In 1992, the enrollment of new graduate students was 33,400, up 3,700 over the previous year. The number of students taking graduate courses was 94,200, up by 6,100. Institutions of higher learning took in 754,000 new undergraduate students, up 21.7 percent, and the number of enrolled undergraduate students was 2.184 million, an increase of 140,000 students. Secondary vocational and technical education developed steadily. There were 6.854 million students studying in various types of secondary vocational or technical schools (including 1.582 million students in technical training schools), accounting for 49.3 percent of the total student enrollment of 13.90 million at senior secondary school levels. The compulsory education program made new progress. In 1992, there were 41.22 million students in junior secondary schools and 122 million pupils in primary schools. The enrollment rate of children of primary-school age (7-11 years old) was 97.95 percent; as compared with 77.7 percent in the previous year, 79.7 percent of primary school graduates continued their study in junior secondary schools. The "Hope Project" yielded initial fruit; the drop-out rate of students in junior secondary schools and in primary schools went down to 5.8 percent and 2.2 percent respectively. Further improvement was made in the development of primary and secondary education.

New progress was made in the adjustment of adult education, with all kinds of on-the-job training forging rapidly ahead. In 1992, institutions of adult higher education took in 592,000 new students; total student enrollment was 1.479 million, basically equal to that of 1991. There were 1.744 million students in adult secondary specialized schools, up 61,000; 49.59 million students in adult technical training schools; and 8.289 million students in adult junior secondary schools and adult primary schools. A total of 5.233 million people completed basic literacy courses in 1992.

Cultural undertakings continued to develop. By the end of 1992, there were 2,766 art performance groups, 2,911 culture centers, 2,563 public libraries, 1,085 museums, 3,585 archives, 812 radio broadcasting stations, 714 medium and short wave radio transmission and relay stations, 591 television stations, 1018 television transmission and relay stations each with a capacity of over 1,000 watts, and 134,000 film-projection units throughout China. In 1992, China produced 170 feature movies and distributed 195 new movies. Eighteen Chinese movies were awarded prizes at international film festivals. National and provincial newspapers produced 19.2 billion copies; magazines, 2.38 billion copies; and books, 7.02 billion copies.

Steady progress was made in public health undertakings. By the end of 1992, there were 2.744 million hospital beds in the country, up 2.1 percent over 1991; 4.074 million full-time health workers, up 2.2 percent, of whom 1.808 million were doctors (including 1.328 million senior doctors of traditional Chinese medicine and of Western medicine), up 1.6 percent; and 1.04 million nurses, up 2.7 percent.

Striking headway was scored in sports. At the 25th Olympic Games in Barcelona, Chinese athletes set a new record by winning 16 gold medals, 22 silver medals, and 16 bronze medals, ranking fourth—after the CIS, the United States, and Germany—in the medal tally. At the 16th Winter Olympics, Chinese athletes won three silver medals, picking up China's first medals in the winter games. In 1992, Chinese athletes won 186 medals in major international competitions, and 67 athletes won 89 champions in world championships or world cup contests. Thirty-one athletes and four teams broke 42 world records on 106 occasions, 37 athletes and six teams broke 52 Asian records on 109 occasions, and 145 athletes and 20 teams broke 131 national records on 248 occasions. Mass participation in sports became more popular. About 78 percent of schools pursued the National Standards for Physical Exercise, with 88 percent of students meeting the requirements.

VIII. Population and People's Lives

Population growth was brought under control. According to a 1992 national sample survey on changes in the population, China's birth rate was 18.24 per thousand, and the death rate was 6.64 per thousand, resulting in a natural growth rate of 11.6 per thousand. It

is estimated that the total population of China was 1.17 billion by the end of 1992, or an increase of 13.48 million over the figure at the end of 1991.

The income of residents increased. Data from the sample survey showed that the annual per-capita income used as living expenses by urban residents was 1,826 yuan in 1992, up 18.2 percent over 1991, or a real growth of 8.8 percent if price increases were deducted. However, the income of staff of state organs and workers of enterprises which did not conduct good business practices increased relatively slowly. The per-capita net income of farmers was 784 yuan, up 10.6 percent, or real growth of 5.9 percent if price increases were excluded. However, the gap was wider in the east, the west, and the central regions. Living standards of residents in some poverty-stricken areas was rather low.

New progress was scored in reform of the labor sector. Employment services were established step by step. The number of job centers at all levels increased to 13,000 in 1992. Some 7 million people were newly employed in cities and towns in 1992, and the jobless rate in urban areas was 2.3 percent at the end of the year. In addition, the state provided relief to some 300,000 unemployed staff and workers. Greater progress was made in the labor contract system. The number of workers employed on a contract basis reached 25 million, or 16 percent of the total workers in urban areas. Coverage of the pension scheme continued expanding. Some 85 million workers and 17 million retirees throughout the country took part in the scheme, and the work was spreading over all of society. There were 147.9 million staff and workers across the country, 2.82 million more than at the end of 1991. People employed by private enterprises and the self-employed in urban areas numbered 8.3 million, an increase of 700,000 persons.

Wages of staff and workers further increased. Total wages of staff and workers in 1992 was 389 billion yuan, up 17 percent; the average wage of employees was 2,677 yuan per person, up 14.4 percent, or a real increase of 5.3 percent if rises in the cost-of-living were excluded.

Savings deposits kept increasing in both urban and rural areas. By the end of 1992 the value of savings deposits by residents totalled 1,154.5 billion yuan, an increase of 243.7 billion yuan or 26.8 percent more than in 1991. Residents became more aware of financial investment; purchase of stocks, bonds, and other securities increased markedly.

Fairly large progress was made in insurance services. The premium for property insurance of various kinds in 1992 totalled 4,560.7 billion yuan, up 44.7 percent over 1991. Some 70,000 enterprises participated in enterprise property insurance programs; 143 million households participated in household property insurance programs and 313 million persons in life insurance programs. Insurance companies received 27.46 million claims for property losses and paid an indemnity of 11.19 billion yuan

for settled cases. Another 5.88 billion yuan was paid to 23.78 million persons as reparations in life insurance programs.

Urban and rural living conditions improved further. A total of 200 million square meters of new residential buildings were completed in urban areas, and 620 million square meters of new housing were built in rural areas in 1992.

Social welfare work continued to develop. In 1992, there were 888,000 beds in social welfare institutions of various types in China, with 701,000 clients. Some 39.57 million people in need received relief funds from the state. The social security system was established in 25 percent of the rural townships. Last year also saw a rather rapid development of the urban community service network, with 102,000 community service facilities established.

Advances were made in environmental protection. By the end of 1992 there were 76,000 people working in national environment protection system that encompassed, among others, 2,269 environmental monitoring stations at all levels and 77 natural protection areas. The numbers of projects to combat environmental pollution, which were completed within the specified time, amounted to 7,655 and used a total investment of 1.91 billion yuan. By the end of 1992 there were 2,750 smoke-and-dust control zones covering 10,468 square km in 386 cities and there were another 1,487 zones covering 2,723 square km in 284 cities, where the noise pollution was under the specified level.

Notes: 1) Figures in this communique exclude those for Taiwan Province.

2) GDP and indexes for added value of various industries quoted in the communique are current prices for the year, whereas growth rates are calculated at comparable prices.

3) GDP and indexes for added value of various industries mainly include workers' remuneration, profits, tax and depreciation, excluding the value of intermediate consumption of energy, raw and semifinished materials. The difference between GDP and gross national product mainly lies in that the former does not include the net factor income from abroad, while the latter does.

New Tax To Curb Sulphur Dioxide Pollution

HK1902042693 Beijing CHINA DAILY in English 19 Feb 93 p 1

[By staff reporter Zhu Baoxia: "New Tax Designed To Curb Pollution"]

[Text] Faced by acute pollution problems, which in parts of southwest and east China have caused acid rain, the government yesterday announced that it will tax enterprises according to the volume of sulphur dioxide emitted.

Acid rain, which damages farm crops, forests and can erode buildings, was blamed for causing China an estimated economic loss of 16 billion yuan (\$2.8 billion) in 1991.

In 1991, some 15.5 million tons of sulphur dioxide—coal burning being one of the key causes—were discharged into the air nationwide, according to an environmental monitoring report.

The new pollution tax is to be enforced first on a trial basis in some provinces and cities, according to the National Environmental Protection Agency (NEPA).

The tax is aimed at curbing acid rain and improving the environment, said an official from the pollution charge division under NEPA.

NEPA has designated Guangdong and Guizhou provinces and nine cities as the pilot group for the experimental tax.

The aim is for the charge to gradually be enforced across the whole country.

The pilot areas, mainly in southwest and east China, will enable the State to work out a national standard on sulphur dioxide pollution control.

NEPA data showed that more areas in southwest and east China have reported acid rain damages caused mainly by industrial sulphur dioxide pollution in recent years. Such pollution is still growing.

Some experts estimate that sulphur dioxide pollution could surpass 1.4 billion tons by the year 2000 if strict action on pollution control is not taken.

China first adopted a pollution charge system in the late 70s under the guidance of "the polluter pays" principle.

So far, 30 provinces, autonomous regions and municipalities have levied pollution charges on 113 items of pollutants, including waste solids, water and gas. There are also levies for excess noise.

Over 200,000 enterprises discharging pollutants across the country have paid pollution charges amounting to 13.1 billion yuan (about \$2.3 billion) in the past 13 years.

The total amount of pollution charges in China surpassed 2 billion (\$350 million) yuan annually in 1991, 10 times the amount in the late 70s.

The fund accumulated from pollutant discharge fees was used to subsidize the control of key pollution problem areas. The fund amounted to 8.8 billion yuan (\$1.5 billion) or 5.91 percent of the country's total expenditure on control of industrial pollution in the same period. The ratio was as large as 30 to 40 percent for some large and medium cities.

Investigations on the use of pollution charges and the benefits gained in 24 large and medium-sized cities

nationwide indicated that 3,901 enterprises had paid pollution charges of 796 million yuan (\$139 million) in seven years.

This, plus government investment, has funded the construction of 7,123 pollution control projects nationwide, which were designed to treat some 794 million tons of waste water and 199.1 billion cubic metres of waste gas annually.

Science & Technology

Commission Commends Satellite Retrieval Unit

OW1902104393 Beijing XINHUA Domestic Service in Chinese 0539 GMT 19 Feb 93

[By reporter Jia Yong (6328 3057) and correspondent Zhang Jian (1728 0256)]

[Text] Beijing, 19 Feb (XINHUA)—Working tirelessly during the past 18 years, the Satellite Retrieval Unit under the Commission for National Defense Science, Technology, and Industry has performed exploits in propelling China's satellite retrieving technology to the advanced level in the world. Recently, the commission presented a collective second-class merit citation to the unit.

The satellite retrieving technology is a major high-tech field. Today, only the United States, Russia, and China are capable of recovering satellites from space. Since China launched its first retrievable satellite in 1975, the unit has been given tracking and retrieving assignments, and has successfully recovered 14 satellites of different models—a 100 percent retrieval rate. So far, the unit has set up a systematic, standardized testing program with modern monitoring and testing means for recovering satellites. The unit's precision rate of locating satellites and measuring their reentry position has reached the world's advanced level.

Over the past 18 years, the heroic unit, which is reputed as the "modern caravan," has gone deep into barren deserts six times and climbed plateaus twice, encountering killer storms several hundred times, and covering a journey of over 240,000 km in 16 provinces, municipalities, and autonomous regions.

Military

Army Teachers' Views of Second Occupations

HK1902085493 Beijing JIEFANGJUN BAO in Chinese 8 Feb 93 p 3

[Article by Zhao Anhua (6392 1344 5478) and Zhang Jun (1728 6511): "An Analysis of Military School Teachers' Views of 'Second Occupations'"]

[Text] In the wake of the in-depth economic structural reform, writers, scientific research personnel, technicians, professors, university students, and others "put to

sea" one after another, and "second occupations" have become a heated topic among the people. Confronted with this "job upsurge," what do the teachers in military schools, who are also intellectuals, think about the matter?

Various Expressions of Their Views

Military personnel must not be engaged in a "second occupation." Military school teachers are both intellectuals and servicemen, and in face of the high tide of the market economy they are in a complicated and contradictory frame of mind.

First, jealous. A survey conducted in three educational institutions reveals that 72 percent of young teachers are studying relevant subjects on the quiet and are ready to "put to sea" whenever an occasion arises. They frankly said: Since the teachers in the locality can put to sea, and we are also professors and lecturers, why should we not?

Second, dumbfounded. Faced with crowds of people "putting to sea" and "chasing the tide" in society, some teachers are stunned and somewhat at a loss what to do, among whom are some middle-aged teachers who have just matured. The number falling into this category is quite large, accounting for more than one-third of the teachers included in the survey.

Third, supercilious. Some people look upon "going to sea" with disdain. In their opinion, the best policy is to concentrate their energies on teaching without caring about such things and to refrain from "blindly following others in the dark."

Fourth, uninterested. Some old professors and teachers look on the intellectuals in society putting to sea with a negative attitude. They think that it is not a good example to follow, as the Army is a special collective and if teachers in military schools are thinking of doing business to earn money every day, how can they teach and bring up students properly? There has not been such an army in the world as this.

At present, there is no unified understanding as to whether teachers in military schools should be engaged in a "second occupation." Their views differ, and the above are only a few typical cases.

An Irresistible Surge

While people keep on arguing about whether or not military school teachers should pursue a "second occupation," some teachers are, in fact, taking up part-time jobs quietly. Let us look at the following examples:

Example A: "Backstage manager"—A spouse of a teacher of general knowledge in a college resigned from her post to set up a wholesale firm. In name, the firm is under the management of the spouse but, in reality, the teacher undertakes most of the business in the firm.

Example B: An "information service center" without a business license—Some 10 teachers in a technical college

formed a small information service center. At normal times [as published], they collected various kinds of information from newspapers and radio stations and sold it through their friends for a fee. In this way, they earned no less than 100-200 yuan each per month.

Example C: A consultancy center for speculation in shares—An economics teacher, who is relatively proficient in market economic theory, has enjoyed a good reputation in the past couple of years by giving advice to his relatives and friends and helping them make large fortunes. He used his leisure time to set up a stock consultancy center and helped run several training classes for the locality. Of course, he made a lot of money from this.

The actions of the above teachers still cannot be called "putting to sea." They can at most be called "wading on the beach." What are their motives?

The Motives Disclosed by People "Wading on the Beach"

—Realizing a person's "self-value." They said that "self-value" has been a subject of conversation among people in recent years. So, how can a person realize his "self-value"? It seems that people have just now understood some of its meaning. "Wading on the beach" is entirely aimed at judging a person's own ability, and knowing his own value from a fair and objective point of view.

—Being forced by life. A person "wading on the beach" said: I have a family of four. My spouse formerly worked in a local department but was laid off six months ago due to the reduction of staff in the organ. I have two children, one is studying in a senior high school and the other is a junior high school student. I must support the whole family with my salary; should I hold out my hand to beg relief from the upper level?!

—Meeting new challenges in the future. Some other people "wading on the beach" said: If we do not learn something to catch up with the people in the locality now, the gap will be too big once we are transferred to civilian work in the future. Then, it will be too late to repent.

An Endless Subject

Obviously, "going to sea" or "wading on the beach" by teachers is incompatible with Army discipline. But, when we look at each phenomenon, we must judge it with a dialectical eye, and think over the matter at a deep-rooted level. Only in this way can we ultimately resolve the problem.

—Obligation and compensation. As the old saying goes: A serviceman's occupation means sacrifice. If teachers participate positively in various activities in society without the slightest idea of cost but completely to fulfill their obligations, then perhaps they are beyond reproach. The key to the problem is: Should they ask

for remuneration for participating in social activities and treat them as commodities? Certainly if they are stubbornly seeking compensation, perhaps this is not in tune with their status as military personnel.

- The spirit of dedication and selflessness. Military personnel differ from others in their selfless dedication. However, they likewise have to maintain their existence. When their economic base fails to match the livelihood of ordinary local people, they will have some ideas which are both realistic and embarrassing. Therefore, they want to compete in social life in order to prove their abilities with their actions. Restricted by discipline, they can only act quietly. Then, are they selfish? A number of teachers are "feeling the stones to grope across the river" in this way.
- Initiative and passiveness. A teacher said with deep feeling: We teachers wish to attend more classes, but the school only assigns me a few classes per semester. Nowadays, initiative is stressed in everything at all times. The Army boasts a highly centralized unity, but how can we display our initiative under these circumstances? Indeed, this is a subject which needs to be probed and treated conscientiously.

Army Meeting Stresses Ensuring Health of Troops

HK1902061893 Beijing JIEFANGJUN BAO in Chinese 7 Feb 93 p 1

[By staff reporter Nie Zhonglin (5119 0022 2651): "At an All-Army Patriotic Health Work Committee Meeting, Fu Quanyou, Director of People's Liberation Army General Logistics Department, Stresses the Need To Strengthen Leadership To Ensure the Health of Officers and Servicemen"]

[Text] Beijing, 6 Feb (JIEFANGJUN BAO)—A gratifying message was given by the 17th meeting of the All-Army Patriotic Health Work Committee which opened today. In 1992, marked results were achieved in the patriotic health work aimed at "enhancing the health of officers and servicemen, and raising the rallying force and combat effectiveness of the troops." Since the beginning of the activities of creating barracks and compounds with a high standard of hygiene, about 40 percent of the barracks and military compounds in the Army have met the requirements. Over 90 percent of the new kitchens meet the integrated sanitation requirements; 80 percent of the old kitchens have special corners for keeping cooked food; and 60 percent of barracks have adopted the rules for regularly examining the sanitary and sterilized condition of the sources of potable water in order to guarantee the hygiene and safety of officers and servicemen.

Fu Quanyou, chairman of the recently reorganized All-Army Patriotic Health Work Committee approved by the Central Military Commission, member of the Central Military Commission, and director of the People's Liberation Army (PLA) General Logistics Department;

Cao Gangchuan, vice chairman of the All-Army Patriotic Health Work Committee and deputy chief of General Staff; Du Tiehuan, assistant director of the General Political Department; Liu Mingpu, deputy director of the General Logistics Department; and all members of the patriotic health work committee attended the meeting.

In his speech, Fu Quanyou stressed: The patriotic health work is an important matter concerning guaranteeing the health of officers and servicemen as well as the building of the Army. Leaders at all levels in the whole Army must attach great importance to this work in order to meet the requirement of enhancing the rallying force and combat-effectiveness of the troops. All departments and organs should closely cooperate and make joint efforts to promote the health work and improve sanitation conditions. It is necessary to set up and improve the institutions responsible for this work; to do more effective propaganda work in this field; to fully arouse the enthusiasm of officers and servicemen for participating in this work; and to more extensively and intensively advance the patriotic health work in the whole Army, with its focus on improving the sanitation conditions of barracks and military compounds. Attention should be paid to scientific methods and solid results. Efforts should be made to meet the requirements under the new situation in order to ensure the health of officers and men.

The meeting required the patriotic health work committees at all levels in the whole Army and the relevant organs in the staff headquarters, political departments, and logistics departments to intensify comprehensive management in order to promote spiritual civilization, cultivate good style, improve grass-roots management, and improve sanitary facilities. Efforts should be made to raise the proportion of barracks and military compounds reaching the sanitation standards by 15-20 percentage points. All units in the whole Army should work harder to improve the sanitary standard of their living facilities, strengthen systematic health education, increase the self-health-care ability of officers and servicemen, organize the troops to jointly prevent and cure diseases, strive to control the incidence of the "four evils," and ensure the hygiene of major sanitation links, major crowds, and military training in order to reduce and control the occurrence and spread of infectious diseases among the troops. Incidents of food poisoning must be strictly prevented.

Guizhou Leaders Speak on Militia Reserve Forces

HK1902061693 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 13 Feb 93

[Text] The Guizhou provincial party committee armed forces committee held its 15th session in the Guizhou military district yesterday morning. Party, government, and military leaders, including Liu Zhengwei, Wang Chaowen, Chen Shineng, Zhu Qi, Yu Zhonggui, Wang Siqu, Luo Shangcai, and Zhang Yuqin, as well as party

committee secretaries of various prefectures, autonomous prefectures, and cities attended the meeting.

Wang Chaowen presided over the meeting, while Zhu Qi, commander of the Guizhou Military District, delivered a speech on the province's 1992 work on militia reserve duty and on views on work in 1993.

Zhu Qi said: Under the correct leadership of the provincial party committee, provincial government, and Chengdu Military Region party committee, and guided by the spirit of Comrade Deng Xiaoping's important talks during his inspection tour of the south as well as the spirit of the enlarged meeting of the military commission at the 14th party congress, our province earnestly implemented the series of guidelines, principles, and directives defined by the party Central Committee; the State Council; and the Central Military Commission on the building of reserve forces in the new period as it carried out its work on militia reserve duty in 1992. It consistently upheld the idea of stressing the grass roots, the main points, and implementation, and exerted great efforts to bolster the grass-roots building of militia reserve forces, thereby giving better play to the role of militia reserve personnel and successfully completing various tasks.

In carrying out work on militia reserve duty in 1993, our province should seriously implement the spirit of the 14th party congress and that of the enlarged meeting of the Central Military Commission. Guided by military strategies and guidelines in the new period, we should continue to abide by the country's overall situation in economic construction, adapt to the demands on the building of national defense-related reserve forces, uphold the idea of stressing the grass roots, the main points, and implementation, and firmly grasp the central link in the people's armed forces department by revolving around the important task in grass-roots building to do a good job in displaying the role of the militia, promoting the three implementations of militia-related work under the new situation, and upgrading the abilities of the militia reserve forces to mobilize rapidly and carry out their missions.

Liu Zhengwei, chairman of the provincial armed forces committee, delivered a speech entitled: Do a good job in work related to militia reserve duty under the new situation, and fully implement the task defined at the 14th party congress of bolstering the building of reserve forces.

He said: Organizing and mobilizing militia reserve personnel into taking an active part in reform and construction is an important undertaking which is significant in terms of both economic efficiency and political effect. All levels should implement this task effectively by mapping out serious plans and carry out meticulous organization. In particular, our party and government leaders at all levels should bolster their concept of competition and continue to strengthen organizational leadership. The people's armed forces department

should voluntarily act as advisers by organizing and training the militia reserve forces satisfactorily so as to ensure that they can be mobilized and accomplish their task successfully when the critical time comes, thereby making great contributions to rejuvenating the province and helping the people prosper.

Chen Sineng, governor, and Yu Zhonggui, Guizhou Military District political commissar, also addressed the meeting.

Xinjiang To Improve Militia Arsenal Construction

HK1902103393 Beijing JIEFANGJUN BAO in Chinese 7 Feb 93 p 2

[By correspondent Pan Anming (3382 1344 2494) and special reporter Qiu Mingquan (6726 2494 0356): "Military, Local Authorities in Xinjiang Work Together To Build Militia Arsenals"]

[Text] After two years of vigorous measures, the Xinjiang Uygur Autonomous Region and the Xinjiang Military District have ended the backwardness of the construction of militia arsenals in the region. At present, 80 percent of militia arsenals in the region meet the requirements of the Lanzhou Military Region and the general departments.

Xinjiang was once one of the areas in the country that had a high incidence accidents related to militia armaments. Before 1991, militia arsenals in the region that reached the basic requirements only accounted for 18 percent; those in need of transformation and repairs accounted for 26 percent; and those in need of relocation and new construction accounted for 56 percent, and thus the construction of militia arsenals was a very difficult task. For this purpose, the autonomous region and the military district specifically set up a leading group and an office for militia arsenal construction. Song Hanliang, CPC autonomous regional committee secretary, and Tomur Dawamat, chairman of the regional people's government, took a personal interest in arsenal construction and urged leading cadres at various levels to bring arsenal construction within the orbit of basic construction plans of their own localities and units and to guarantee the construction of militia arsenals even if funds were in short supply. Chief leading military district cadres went deep into the northern and southern borders many times to inspect the construction of the arsenals and to examine and approve on the spot the selection of sites for building new arsenals. Local party committees and governments at various levels implemented the "four bringing-withins" [si ge na ru 0934 0020 4780 0354] in the construction of militia weapons depots, that is, bringing militia weapons depots within the orbit of local capital construction, with unified planning and preferential arrangements; bringing building materials within the orbit of the departments in charge of planning and of handling goods and materials, with unified allocation and protection of key areas; bringing militia weaponry administration within the

orbit of key areas of joint defense with public security departments, with unified prevention and ensured safety; and bringing the deployment of guards within the orbit of labor departments, with unified adjustment and full and strong deployment. Since last year—apart from 800 yuan of funds subsidized by the state—Army and local authorities at various levels have tried every means to cut down other expenses, thus squeezing out a total of 14 million yuan to be used in the construction of militia arsenals. At present, the construction of a full set of militia arsenal facilities have been completed, which enormously improves the condition of storage.

Economic & Political

Source Says Chen Yun Prefers 'Birdcage' Economy

HK1902055493 Hong Kong HSIN PAO in Chinese
12 Feb 93 p 24

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429), written 10 February 1993 in Beijing: "Chen Yun Writes a Letter to the Central Authorities To Air His Political and Economic Viewpoints"]

[Text] According to a XINHUA report, on the eve of the Spring Festival of the Year of the Rooster, the two most authoritative elders of the CPC, Deng Xiaoping (Note: He is regarded as the representative of reform forces) and Chen Yun (Note: He is regarded as the representative of conservative forces), made their appearances in Shanghai one after the other, extending their New Year's greetings to the people and making brief congratulatory remarks. Following his remarks during his inspection tour of south China last year, Deng Xiaoping again called on the nation not to lose the rare development opportunity to boost the economy, while Chen Yun hoped to continue working in the spirit of both emancipating the mind and seeking truth from facts, leaving people with the impression that though the two men spoke in different styles, they are still working in unity.

However, as disclosed by a Beijing source, there are still differences of view between Chen Yun, the progenitor of the birdcage economic ideology, and Deng Xiaoping, the chief architect of reform and opening up, over several major issues, including the third generation of the CPC leading collective, the market economy, and others. This can be seen perfectly clearly from Chen Yun's letter entitled "My Views and Proposals" addressed to the CPC Central Committee and the State Council during the Spring Festival. The letter shows that although the birdcage economic ideology, which caused a temporary clamor after 4 June disturbance in 1989, was replaced by the market economic theory at the 14th CPC National Congress, Chen Yun is still reluctant to abandon his influence on China's political and economic development.

Putting Li Peng Side by Side With Jiang Zemin

According to the source, in the letter Chen Yun particularly praised the fact that "since the Fourth Plenary Session of the 13th CPC Central Committee in June 1989, outstanding achievements have been made by the party's Central Committee with Jiang Zemin as the core and the State Council under the leadership of Li Peng, who have conscientiously carried out the party's basic line, and led the entire party, Army, and people in overcoming all sorts of difficulties and marching toward a new victory."

Putting Li Peng side by side with Jiang Zemin has been a frequent expression of the conservative CPC elders since the latter became the leadership core of the CPC's third generation. It is reported that when Wang Zhen, vice president of the PRC, met provincial party, government, and Army leaders, who paid a New Year call on him, in Guangzhou on 20 January, he also followed the example of using the above-mentioned expression while talking about the third generation. He said: "The party Central Committee with Comrade Jiang Zemin as the core and the State Council led by Comrade Li Peng have worked energetically and actively." Also, in the New Year message of Song Renqiong, former vice chairman of the Central Advisory Commission, to the CPC Central Committee, which was carried in the bulletin of the CPC Central Committee General Office, he said: "I wish to extend my loftiest regards and best wishes for the New Year to the Political Bureau members headed by Comrade Jiang Zemin and the State Council members headed by Comrade Li Peng."

Political figures in Beijing pointed out that Deng Xiaoping has never mentioned Li Peng and Jiang Zemin on an equal footing. When Deng Xiaoping decided to let Jiang Zemin take up the post of the CPC general secretary before the Fourth Plenary Session of the 13th CPC Central Committee in 1989, he particularly admonished Li Peng and Yao Yilin, then members of the Political Bureau Standing Committee, that "they should closely unite with Comrade Jiang Zemin as the core, and refrain from consuming their own energies by taking amiss what others have done." On the eve of the Spring Festival this year, Deng made his appearance in Shanghai, and stuck to his consistent way of referring to the third generation of leadership when he said: "The party's central leadership collective with Comrade Jiang Zemin as the core is reliable and its work has been conducted properly." Several times Deng criticized Wang Zhen for failing to abide by the traditional way of mentioning the leadership which has been consistently used by the party's central authorities. Chen Yun knew this very well, but why did he purposely conflict with Deng Xiaoping on this matter? Did it signify that amid rumors on the eve of the coming National People's Congress that Li Peng might be replaced by Zhu Rongji as premier, Chen Yun still insisted that Li Peng remain in his post?

Ten Viewpoints on the Principles of the Party and the Government

The source said that there were 10 major points expressed in Chen Yun's letter covering such areas as politics, economics, ideology, propaganda, organization, party building, foreign relations, and so on.

1. The leadership should be clearheaded rather than hotheaded, as a hothead will come to grief. On this issue, the crux rests with the central authorities as well as the provinces, municipalities, and autonomous regions.

2. The hot spots, including fevers in the shareholding system, stocks, securities, land sales, business operation, development, special zones, cooperative zones, credit, revisions of targets and plans, engagement in catching up with and surpassing others, and so on, should be cooled down, and experience and lessons from them should be summed up.

3. Shortage of communications, energy, and water supply is a longstanding problem. Has it been taken seriously? It is necessary to give priority to them in planning, otherwise they are apt to fall apart.

4. The development of principal highways, air routes, railways, ports, and important strategic mines is, on the whole, not suitable for privatization or control by foreign capital, and investment by Hong Kong businessmen should be taken into consideration according to circumstances.

5. The overall practice of the economy proceeding from the national conditions and laying stress on planned guidance is not out of date and defeated. The relationship and proportion between plan and market should be handled appropriately as they are now in a stage of practice.

6. Agriculture and rural construction should be treated as the major items on the agenda of the central authorities. If serious problems emerge in agriculture, the overall situation will be affected. We should draw lessons from the former Soviet Union and East Europe.

7. Reform and opening up should be based on playing the "China card." We should open to the whole world rather than to a couple of big powers, otherwise we shall suffer great losses. We should carry out penetrating self-examination on the trade between China and the United States, which has been plagued by political factors.

8. The party building and the building of honest party and government organizations at all levels are the focuses of the entire party and society, and it is time now these issues were thoroughly resolved.

9. It is necessary to ideologically correct the phenomena of ignoring or failing to attach importance to the building of spiritual civilization and the education on social morality. It is necessary to pay serious attention to the

infiltration of capitalist decadent ideology and style and to the disruption and impact brought by their spreading unchecked.

10. Appropriate arrangements should be made for the cadres who have retired from chief leading posts who are still in good health and with work capability, experience, and reputation, so that they can exercise the role of offering advice.

According to the comments of a senior CPC cadre who is familiar with Chen Yun, the above letter covers a wide range of subjects, reflecting that this CPC elder, who just retired from politics at the 14th CPC National Congress last October with his position second only to Deng Xiaoping's, is retired but has not ceased to perform official duties like Deng Xiaoping himself. He even will not let Deng Xiaoping attain distinction alone and will try to continue his influence on the CPC's policies in various aspects. As Chen Yun's views are always praised as being steady, he boasts a considerably sound foundation within and outside the party, and more often than not Deng Xiaoping has to make some concessions to him. Hence, Chen Yun's influence should not be underestimated.

The source also said: After listening to reports on the party and government work in Shanghai, Zhejiang, Jiangsu, Anhui, and Jiangxi on the eve of the Spring Festival, Chen Yun talked exclusively on the economic issue. He said: "Do you think the economic development now is overheated? We must admit the facts. People in some localities and departments are unwilling to admit the facts unless they have run into a stone wall and come to grief. This is what we call "left" deviation! Economic development is a branch of science, so it must not be divorced from reality. We must not go in for a leap forward which departs from science."

Chen Is Opposed to Copying the Market Economy Mechanically

Chen Yun also said: "At the present stage, the people who really understand the market economy are few, and those who have conducted substantive research on it are perhaps even fewer. A great many leaders are lopsided. They have merely noted the advanced and positive aspects of the capitalist market economy, and failed to note the slack and negative aspects of it. Is there any law governing the market economy? I think there is. Should we copy everything in it indiscriminately? Some people think we should, but I am opposed to this practice. I think we must not copy it mechanically. Hungary and Yugoslavia have copied for more than 30 years, and are summing up their experiences. They are not regarded as successful. Some European capitalist countries have studied for more than 40 years, with a few having studied for more than a century, but they are not totally successful either. Some of them look exhausted and are declining. That is why we say it will not do to depart

from national conditions, that is, conditions of politics, economics, culture, population, geography, international climate, and others."

Chen Yun added: "Now, some people say 'the market economy can solve everything,' 'there does not exist the issue of speculation in the market economy except whether or not one knows the ways of speculation and how one can learn and utilize the ways of speculation,' and 'reselling at a profit is a normal operation of the market economy and is a business carried on according to the law of the market.' If these are scientific economic theories, then why do governments of the capitalist industrial countries still have nationalized enterprises? Why should they strictly examine and approve according to law the applications of banks, enterprises, and corporations to establish businesses? Why should they restrict and set stipulations for foreign-invested and jointly funded projects and enterprises? Why should they practice protectionism? I suggest that we should remain sober-minded, stress seeking truth from facts, respect science, and practice while studying and summing up experience."

It is thus obvious that Chen Yun is still troubled by the replacement of the birdcage economy by the market economy. It is believed that if he had been able to control the overall situation, he would have practiced the birdcage rather than the market economy.

Article Stresses Importance of GATT Reentry

HK1802145493 Beijing GUOJI SHANGBAO in Chinese
6 Feb 93 p 3

[Article by Guo Xianzhi (6753 7359 1807); "Why Must China Resume Its Status as GATT Signatory?"]

[Text] Various trades and professions throughout the country, from top to bottom, are showing great concern about and interest in the issue of China's GATT reentry, which is impelling people to move forward. Among them, some lack sufficient mental preparation and quite a few feel anxious. It is hoped that this article will help people think the matter over.

The most important aspect of the GATT is its contractual character. It is a negotiable document, its members are called contracting parties, and an overall equilibrium of rights, interests, and obligations is maintained among all the contracting parties. This makes the GATT fundamentally different from other international legal documents. The GATT comprises the "traffic regulations" for international trade, the venue for multilateral trade negotiations, and the "international court" for settling trade disputes among the contracting parties. The corresponding rights of the contracting parties are to safeguard their own interests by using it and their obligations are to abide by its rules and regulations and comply with its adjudications. A country has to measure the gains and losses, as well as the advantages and disadvantages,

before deciding whether it should accede to any international convention, treaty, accord, or agreement and still more so in the case of joining the GATT.

China was one of the original signatories of the GATT. At present, we participate in various GATT activities as an observer and are negotiating within the framework of the "GATT China Working Group" with various contracting parties on the issue of restoring our signatory status. Taiwan is also an observer, using the name China Taipei, as a separate tariff zone and is negotiating within the framework of the "China Taipei Working Group" with various contracting parties on the issue of joining the GATT. After China and China Taipei become GATT contracting parties sometime in the future, then China will boast four contracting parties—China, China Taipei, Hong Kong, and Macao. China is a sovereign state and Taiwan, Hong Kong, and Macao are three separate tariff zones without sovereignty or diplomatic status. Hong Kong and Macao are currently GATT contracting parties. The negotiations to restore China's status in the GATT are very arduous and it is a process of intense bargaining.

The current world has become a huge market and international trade is integrated, on the whole. Although the tendencies of regionalization and group formation are gathering momentum, such as in the two major blocs—North America and West Europe—integration is still the general trend. China is also a part of the world's unified big market, though not a comprehensive part. Its economy is backward and the central planned economic structure has been practiced for a long time. China's foreign trade and international economic activities have been inactive and comparatively dull and, up to the early eighties its export commodities were mainly agricultural, sideline, mineral, and other primary products; textile and light industrial products were regarded as relatively high-value-added products; and machinery and electrical products were in small quantities and at low level, to say nothing of high-tech products. On the other hand, the import commodities were largely high-tech and high-value-added products, thus we were seriously exploited by the international price scissors. We must quickly change this unfavorable position to stand on our own feet among the nations of the world.

The reentry into GATT is required by reform and opening up and by the development of China's national economy in line with the guidelines from the 14th CPC National Congress. The national policy of reform and opening up defined at the Third Plenary Session of the 11th CPC Central Committee was to open the country's doors wide and to reform all economic structures which did not suit the development of the productive forces. The 14th party congress officially defined that China would practice the socialist market economic system, an advance much bigger than that at the Third Plenary Session of the 11th CPC Central Committee. To whom will we open our doors? Certainly, we will open the doors to all countries who will conduct economic and trade exchanges with us, including the economically developed

countries and regions. In dealing with the developed countries we need a set of rules, which is precisely the GATT. This set of rules is the product of market economic development and which has proven, so far at least, that it is conducive to promoting economic and trade growth and reflects the actual conditions of economic and trade development in the contemporary world. It is the achievement of human civilization and the common wealth of all nations. We have neither reason nor need to reject it.

Reform and openness made China's reentry into GATT possible. Over the past 14 years, splendid achievements have been scored in China's economic development which have been universally acknowledged. Here, I would like to talk only about foreign trade. By the end of 1991, the total volume of China's imports and exports was \$135.7 billion, an increase of \$20.6 billion, or over five-fold, as against the end of 1978. Foreign trade has occupied a considerable proportion of the national economy and China has become a big power in foreign trade. The structure of export commodities has undergone fundamental changes and primary products, farm produce in particular, no longer hold a dominant position in China's export commodities; crude oil and coal still occupy a greater proportion; the position of textile and light industrial products continues to rise and machinery and electrical products such as household electrical appliances, already hold an important position; and in particular, we have begun to export our high-tech products, including, among others, satellite launches and building large-tonnage vessels for foreign countries. The utilization of foreign capital and loans, acceptance of multilateral or bilateral assistance without compensation, contracts for overseas projects, dispatching personnel for labor service, local and border trade with neighboring countries, and so on, which started from nothing at the Third Plenary Session of the 11th CPC Central Committee, have been conducted and have flourished, bringing great vigor and vitality to China's economic sphere. In the final analysis, foreign economic and trade activities are the foundations of domestic economic development and the continuation of domestic economic activities. In turn, they give impetus to domestic economic activities. Only by so doing can we say that we have substantially participated in international economic activities.

The 14th party congress decision to adopt the market economic operational structure, together with the expositions made by Comrade Deng Xiaoping on the market economy during his south China tour, will prove to be of epoch-making significance in the history of China. The theory of socialist market economy has revealed the objective law governing the linkage of China's economy with the enormous international market. After the linkage is achieved, China's economy will be able to participate in the international huge cycle more effectively. The basic idea of the GATT is to open markets and carry on fair competition. If we do not practice a market economic operational structure and link our

economy with the international customary practices, we will either be fearful of opening, or open blindly, our country's doors and, in both cases, we will meet with defeat.

We have also prepared for reentering the GATT with respect to legislation. Over the past 14 years, tremendous achievements have been attained in economic legislation. We have formed a complete set of laws through the legislation for the domestic economic structural reform and foreign-involved economic affairs and through legislation for civil, criminal, and administrative aspects. Although the legislation has yet to be further perfected it is, by and large, enough because we had basic legislation in most aspects. We have recognized, participated in, and approved the international statutes of most international treaties, conventions, and others. All this is essential and necessary for China to become a member of the GATT.

In practice, our preparations have also been sufficient. Over the past 14 years, we have always cultivated markets and the market economy, established rural bazaars, fostered the development of diversified economic sectors, reformed the economic management structure, relaxed control of prices, allowed state enterprises to declare bankruptcy or merge together, allowed large and medium state enterprises to practice shareholding systems, permitted the establishment of stock exchanges and the listing of negotiable securities, and so on. These are requisite contents and forms of the market economic structure. Among the various localities, some have developed the abovementioned structure to a considerable extent and, particularly in the relatively economically developed regions, their degree of development is even higher; some have just started and greater development is needed, particularly in the landlocked provinces and outlying areas. In short, the market economic structure has begun to shine with splendor in China and constitutes the foundation for China's reentry into GATT.

Perhaps people will ask: Since we have been able to perform our work full of sound and color outside GATT, why should we take pains to engage in the protracted and arduous negotiations? Indeed, we have attained great and unprecedented achievements in the past 14 years but we have no reason to feel complacent and mark time. If we slightly shift our line of vision from the capital and coastal developed regions, which started reform and opening up earlier, to the landlocked provinces, and from central cities to vast rural areas not to mention the impoverished areas, then we will immediately discover that our achievements are rather limited. If we consider the matter by taking as criteria the objectives to be realized on the 100th anniversary of the PRC's founding as defined at the 14th party congress, and by comparing China's present conditions to the social and economic development level of the moderately developed countries in the contemporary world, we will also immediately discover that our achievements are actually very insignificant and that the tasks facing us are extremely

arduous and formidable. We must take pains to cast away all the things that no longer suit the development of productive forces and emancipate our minds to greet the new era initiated by the 14th party congress. Reentry into GATT is only a means. GATT is not a rose garden but a wrestling arena. Fortunately, the Chinese nation has never indulged in an easy and comfortable life and has never feared strong adversaries but has always had sufficient wisdom and intelligence. China can certainly plant its feet firmly among the nations in the world.

'Record' Growth Seen in New Foreign-Funded Firms

HK1802040093 Beijing CHINA DAILY in English
18 Feb 93 p 1

[Article by staff reporter Ma Zhiping: "Record Set in Wooing Investors"]

[Text] More than 47,800 new foreign-funded firms and enterprises were registered in China last year, a record increase of 380 percent over the previous year.

By the end of the year, a total of 84,371 firms with foreign funds had been registered at the State Administration for Industry and Commerce. Their total contractual foreign investment was \$178.45 billion and their registered capital surpassed \$115.98 billion, according to Liu Minxue, head of the administration.

Liu told reporters yesterday that the rapid increase in the number of foreign-funded firms was attributable to the country's improved investment climate. The latter is largely the result of the opening policy, which in turn has made foreign businessmen more open to investing in China.

"Foreign-funded joint ventures are now beginning to play a significant role in developments throughout China," Liu pointed out.

The output value of joint ventures in Beijing last year reached 10.5 billion yuan (\$1.81 billion), and tax payments accounted for 12.9 percent of the city's total annual revenue.

Foreign businessmen began to make investments in the services trade last year, though most of their investments still centred on the industrial sector.

Investor's attention also was drawn to the scientific sector, commercial trade, and health and social welfare services.

The amount of investment made by each foreign-funded firm is increasing. Official statistics showed that the average investment made by each firm was \$2.12 million last year, up \$190,000 over the previous year.

However, the development of joint ventures was still unbalanced throughout the country, with most joint ventures set up in the coastal and eastern provinces of Guangdong, Jiangsu, Fujian and Shandong, each of

which boasts more than 5,000 foreign-funded firms and companies according to Liu.

Tax Body Provides for Foreign Financial Firms

HK1902060693 Hong Kong CHING CHI TAO PAO in Chinese No 5, 8 Feb 93 p 28

[From "China Economic News" column: "New Tax Provisions for Foreign Financial Institutions"]

[Text] In a recent circular, the State Administration of Taxation has made new provisions about the payment of consolidated industrial and commercial taxes on the incomes of foreign-funded or Sino-foreign joint-venture financial institutions (including financial corporations), which were put into effect as of 1 January. The main contents of the provisions are as follows: 1) Regarding the foreign exchange credit business, tax is calculated according to the balance of interest income minus interest paid and the rate is 5 percent. 2) With regard to other financial business, the tax is calculated according to the amount of income and the rate is 5 percent. The tax rate for the business income of foreign-funded financial institutions in Shenzhen, Zhuhai, Shantou, Xiamen, and the Hainan Special Economic Region is 3 percent. 3) Tax reductions or exemptions enjoyed by foreign-funded financial institutions in special economic zones will be determined by the people's governments of the special zones within five years after business has commenced and will be examined and approved by the State Administration of Taxation after the five-year time limit.

'Arguments' Refute 'Overheated' Economy Claims

HK1902113093 Beijing JINGJI RIBAO in Chinese
8 Feb 93 p 8

[Article by Qiu Xiaohua (6726 2556 5478): "Six Arguments Against View That Economic Development is Overheated"]

[Text] Contrary to the two arguments which assert that "the economy is overheated" and "the economy is near to overheating," we contend that, based on a concrete analysis from the market economic point of view, current economic operations are normal on the whole. This is primarily due to the following:

1. The differential rate of total supply and demand remains within the limits of macro regulation and control. According to an initial calculation, the differential rate of total demand exceeding total supply for the entire year is just a little higher than the rational rate of approximately 5 percent. At present, with the exception of strains on transportation, other production elements have not come up short, though they are somewhat strained. This state of affairs has not reached the point where it will spark a serious imbalance between supply and demand.

2. Imbalanced economic growth has become more pronounced. In ownership terms, imbalanced growth has

been generated primarily by the super high growth of economies in the nonstate sector. The volume of growth of these economies occupies approximately 60 percent of that of the economy as a whole. Development in the state sector is relatively stable. In terms of locality, imbalanced growth is generated primarily by the coastal areas' high economic growth. Of the 12 localities whose economic growth exceeds the national average, eight are in the coastal areas. Growth increases amount to 27 percent in Jiangsu, 18.7 percent in Guangdong, 17 percent in Zhejiang, 16.9 percent in Shandong, 16.3 percent in Fujian, 14.4 percent in Shanghai, and are mostly under 10 percent in the hinterland areas. In terms of the driving force for economic growth, the current imbalanced economic growth has mainly been generated by investor demand; consumer demand has been relatively stable. According to a calculation, investment-driven growth accounts for approximately 60 percent of economic growth as a whole. This characteristic confirms to the objective law of appropriately increasing investment intensity [li du 0500 1653] at the present stage, in which residents are striving to move from simply having adequate food and clothing to securing a well-to-do standard of living.

3. The balance of international payments is basically normal. At the end of 1992, the state's foreign exchange balance remained the same as the \$20 billion level at the beginning of the year, but, as far as foreign exchange resources in society were concerned, the foreign exchange in the hands of enterprises, individuals, and banks markedly increased. Individual foreign exchange savings already topped \$8 billion, and the foreign exchange balance of banks amounted to \$20 billion. The state's foreign exchange reserves, calculated on the original items [yuan lai kou jing 0626 0171 0656 1777], totaled nearly \$50 billion.

4. The current fluctuation in the general price level remains bearable to all sides concerned. The top level of retail price hikes in 1992 was still under 6 percent, as required by state plans. In cities and towns, particularly large and medium cities, prices increased considerably, primarily because of the fairly large change in price mechanism and policy issues. Demand played a relatively small role in this regard. In particular, the growth of residents' income surpassed price increases, and living standards were further improved.

5. Comprehensive reforms have begun; the scope of regulation by the market mechanism has been markedly expanded; and the innate economic stability and room for maneuver have been strengthened.

6. It is estimated that the economy will grow 12 percent in 1992. From 1989 to 1992, however, the average growth rate was just about 7 percent, lower than the average growth rate of 11.5 percent in the 1984-88 period.

Naturally, seeing that direct interference has been weakened but effective indirect regulation and control have

yet to be established, the people's enthusiasm for economic expansion is relatively high, but a restraining system has not been established. Economic laws and regulations are not perfect, destabilizing elements are building up, and there have been signs of overheating in some sectors. On the issue of choosing macroregulation and control measures—counter to the "theory of contraction" that advocates strictly controlling the growth of investment credit and the "theory of stability" that favors relaxing regulation and control restrictions at the right moment—our view is that it is necessary to appropriately tighten controls over credit in order to prolong the period of stable economic growth as long as possible.

Statistical Bureau Warns on Growing Money Supply

HK1902115793 Beijing CHINA DAILY in English
19 Feb 93 p 2

[By staff reporter Wu Yunhe: "Warning Issued Against Excessive Money Supply"]

[Text] China's economy was generally good last year, but the excessive increase in money issuing and investment for fixed assets could raise inflation, says a senior official.

Zhang Zhongji, State Statistics Bureau spokesman, says the increased money issuing in 1992 is expected to surpass the State-planned target of 80 billion yuan (\$13.8 billion).

He says the oversupply of money, to some extent, was caused by the growing demand for investment in fixed assets.

Meanwhile, the State reserves of foreign exchange remained at the same level of about \$21.7 billion throughout the whole of 1992, as export earnings could hardly keep pace with spending on the latest foreign technology and equipment.

Zhang noted that such undesirable factors as oversupply of money, high demand for investment and increase in the cost of living caused the inflation rate to rise by 6.4 percent last year.

In the cities of Kunming, Xinjiang, Huhhot and Shijiazhuang, inflation was even higher than the national average, reaching more than 13 percent in 1992.

But Zhang explains that some 70 percent of the inflation rate last year should be attributed to the readjustment of some prices by the State according to market demand.

He predicts that, along with the measures taken by the State to finetune its macro-control, the emerging signs of an "over-heating economic development" will gradually vanish.

The spiralling of the cost of living brought a headache to the farmers living in the country's northwestern rural

areas, where the average per capita annual income was only 600 yuan (\$103) last year, 120 yuan (\$21) less than the national average.

In the urban areas, the deficit-ridden State enterprises were also plagued by their employees' bonuses, which were related to their living standards.

In 1992, 24.5 percent of the State enterprises covered by the State budget reported operational losses totalling 28.9 billion yuan (\$4.98 billion), down 3.6 percent from 1991.

The country's courts accepted 346 cases of bankruptcies by the loss-making State firms. Zhang says 145 of them were ordered to close.

But Zhang says there has been a marked increase in the strength of the national economy because of the accelerating economic reform.

He noted that for the first time the gross domestic product (GDP) hit a record 2393.8 billion yuan (\$412.7 billion) last year, up 12.8 percent on 1991. The per capita GDP amounted to 2,055 yuan (\$354) in 1992, an increase of 330 yuan (\$57) on the previous year.

The steady development of the country's heavy industries has already laid a solid foundation for ensuring a strong momentum of economic growth in the years to come, Zhang said.

In 1992, production of energy, steel, steel products and cement enjoyed distinct rises compared with the previous year.

Commentary on Separating Government, Market

HK1902092593 Beijing JINGJI CANKAO BAO in Chinese 11 Feb 93 p 1

["Special Commentary" by Yang Jisheng (2709 4949 4939): "Power Must Not Enter the Market"]

[Text] According to statistics, 30-40 million cadres are working in state-financed administrative and institutional units, over 10 million of whom are party or government officials. The figure does not include "self-financed cadres" who receive no stipend from the state. Such a large number of cadres is a heavy burden on the people and is a source of continual interruption in enterprise operations. Therefore, many people believe that administrative streamlining is a matter of great urgency.

Building a market economy requires building a new macroscopic regulatory and control system. Administrative streamlining therefore is logically included in reform in administrative organs and the change of governmental functions. But there is a thorny issue: Where do we place the redundant cadres thrown out by functional shakeups and administrative streamlining?

Historically, it has always been hard to expect a government to tackle its own overstaffing problem, much as we expect a person to lift himself up by pulling his own hair. The simple thing fact is that vested interests are tangible. No government under normal circumstances is able to lower the status and cut back on the interests of its officials. Some people might argue that communist cadres are here to serve the people, take no account of their personal interests, and should willingly step down to become ordinary citizens. This, I think, may be true for a small number of advanced elements, but the same cannot be said for the majority of cadres. Otherwise, how can we explain the fact that repeated administrative streamlining only results in more and more officials?

Thanks to the creative people of the reformist era, we have now found solutions for problems previously deemed insoluble. If I remember correctly, this method was designed by Zhuozhi County. It takes thousands of words to lay out the method but its essence can be put in a nutshell: Make a "golden bowl" first and use it to replace "iron bowls" in the hands of state cadres. "Golden bowls" means allowing party and government officials to engage in various economic entities or change some government departments into economic entities. Many officials can begin by holding two positions before gradually dissociating themselves from government departments to become fully fledged businessmen. This method will streamline organs and enliven the economy.

A very thorny issue in changing officials' "rice bowls" is the use of government powers in business operations. When a material supply bureau becomes a material supply firm with both managerial powers and profit targets, the firm could easily be tempted to use the powers it has to achieve its business objectives. Officials in the "sea of the market" would have no problem in finding persons in charge for the necessary approval, preferences, or free use of land. In this way, powers make their way into the market.

The pursuit of a market economy does not mean free entry for everything. Power must not enter the realm of exchange. Power should operate on a higher level, embodying the interests of the majority and managing, supervising, and coordinating different interests instead of being part of them. Once power makes its way into the market it loses impartiality and with it managerial ability, throwing society into chaos. Imagine what would happen on the soccer field if the referee joined the game while blowing his whistle. What kind of a market economy can we build when power enters the market, is bartered for money or other power, and leads to rampant corruption and boiling resentment from the people?

The phenomenon of power entering into the circulation realm is not confined to the process of officials' "changing rice bowls," nor has it only appeared now. About four or five years ago I criticized the phenomenon in an article. Then, power-for-money deals were done mainly through "official speculation" in exploiting the two-track price system. I said in the article: "Shortages of

materials and the two-track price system are the root of all of today's evils." There are now less problems with the two-track price system following price deregulation and improvements in market demand and supply, but the bartering of power for money has not changed in a better direction. In fact there are signs that it is growing worse. Import and export permits, approval instructions, tax-exemption quotas, and low-interest loans can all enter the realm of circulation. Land can also be obtained free or at lower prices for property and real estate trading.

It should be said that only a very small number of officials are directly engaged in deals with power in their hands. Power-for-money deals are usually done through people with access to the corridors of power. These people are the brokers in deals. Cadres' sons and daughters, leaders' personal secretaries, media people close to the high levels, and retired cadres all have the qualifications for this kind of thing. Of course, only a very small number of these people actually engage in this sort of thing.

Given the background of power-for-money deals, officials naturally take this shortcut to money making in the "rice-bowl changing" process, which in turn is led astray by power-for-money deals.

Furthermore, in the process of "rice-bowl changing," officials enjoy the best of both worlds, as they are blessed with the security of "iron rice bowls" while receiving real benefits from "golden rice bowls" and can always climb back to the "shore" to resume their power if they fail in the "sea of the market." Our concern is that without necessary constraints, there will be free exit and entry into government service and the government will have a hard time explaining to the people how such a heavy social cost should be paid without achieving the purpose of cutting redundant staff.

It seems that the "rice-bowl changing" method of administrative streamlining requires the strict prevention of the entry of power into the commercial realm. To ensure that China's great reform enterprise achieves success and to ensure long-term social harmony and peace, we must strictly prevent the entry of power into commerce.

Poverty-Relief Drive Enters New Stage

OW1902130393 Beijing XINHUA in English
0952 GMT 19 Feb 93

[Text] Lanzhou, February 19 (XINHUA)—Along with the new surge of reform and opening efforts in China, the country's campaign to help poverty-stricken areas has entered a new stage.

Some observers called it "a stage of storming fortifications" due to the fact that the number of the poor has been reduced from 1985's 125 million to the current 27 million, but the remaining poor people are living in the most remote, backward areas.

For centuries, poverty has plagued many parts of the world and it is also rampant in parts of China where people with a yearly income below 200 yuan do not have enough to feed and clothe themselves.

Since the founding of the People's Republic in 1949, the Chinese Government has spared no efforts to deal with the matter and has been successful so far.

The government has stepped up its efforts since the country took the reform and opening line in the late '70s.

In the 331 poverty-stricken counties which have been given special financial assistance by the government, the average per capita income for local farmers was raised to 377.7 yuan in 1992, compared with 208.6 yuan in 1985.

In northwest China's Gansu Province and Ningxia Hui Autonomous region, the percentage of poor households has been reduced to 10 percent of the total as the central government has poured 200 million yuan each year into the two regions for poverty-relief since 1982.

This has brought fame to China as one of the few countries to successfully decrease poor populations.

However, some high ranking government officials in charge of such affairs warned that there are still 27 million people who can not afford daily meals and basic wear while many of those who have been basically relieved from poverty are far from being well-off.

During the "storming fortifications" stage, the government will focus its poverty-relief efforts on the poorest and most remote mountain areas and areas densely populated with ethnic minority groups.

Two targets have been laid for the coming years. One is to cultivate 0.033 hectares to 0.066 hectares of high-yielding farmland for each person in the areas so as to steadily solve the problem of daily meals and wear, and the other is to develop regional pillar industries in a bid to provide the poor with stable financial support.

The poor areas in Gansu and Ningxia, for instance, will receive 400 million yuan in loans from the central government for capital construction in farm production and the development of rural enterprises.

Experts Study Proportion of Wages in Total Income

HK1902113493 Hong Kong CHING CHI TAO PAO in Chinese No 5, 8 Feb 93 p 28

[From "China Economic News" column: "Shanghai Experts Suggest Increasing Proportion of Wages in Income"]

[Text] Some labor experts in Shanghai recently conducted investigations and studies on issues relating to the wage and bonus system. They hold that the existing distribution mode—characterized by low wages, high subsidies, and high welfare—has placed reform in a

difficult position, and they have put forward new ideas to reform this mode. That is to say, the proportion of wages in staff incomes should be raised by incorporating all subsidies into wages and, on the basis of increased wages, the individuals should pay a certain proportion in social insurance premiums and publicize all income.

In a considerable number of enterprises, the ratio between wage income and other income is presently 1:1, with the latter sometimes far surpassing the former. Experts hold this that this skewed income pattern has begotten many disadvantages to economic development. The experts suggest that wage income should be dominant. The proportion of staff wage incomes should be raised from the 50-60 percent now to about 75 percent, with the increased portion deriving from a conversion of enterprise insurance and welfare expenses and subsidies. Moreover, the proportion of bonuses and subsidies in wage incomes should be reduced by converting price subsidies to wages. They also suggest diversifying channels for pooling insurance funds, with social insurance jointly undertaken by the state, enterprises, and individuals.

The experts also hold that, to realize this concept, it is first necessary to establish a normal wage increase mechanism and to improve a basic wage system for staff.

Central Bank on 1993 Monetary, Credit Policies

HK1902113193 Hong Kong CHING CHI TAO PAO in Chinese No 5, 8 Feb 93 p 29

[From "China Economic News" column: "People's Bank Sets Down This Year's Monetary, Credit Policies"]

[Text] According to authoritative sources, the People's Bank of China [BOC] recently decided, in principle, its monetary and credit policies for 1993. The general guideline is to control total demand and total supply, optimize structures, face the market, transform mechanisms, and enhance efficiency. The BOC plans to adopt the following measures: 1) to continue with and make improvements in the management of credit quotas; 2) to make energetic efforts to increase deposits, improve services, and expand sources of funds; 3) to further optimize the mix of credit varieties in accordance with industrial policy to back inputs to key projects; 4) to strengthen the central banks' supervision and management over specialized banks and various financial institutions and to heighten overall preventive powers against risks; 5) to appropriately expand the scope of interest rates in circulating funds and reduce the scope of preferential interest rates; 6) to carry on and step up efforts to make flexible use of stock funds and tap the potential of the funds; and 7) to effectively control the basic amount of currency and keep a tight control over the reissue of loans to specialized banks by central banks.

Market Forum Urges Development Through Reform

HK1902085393 Beijing JINGJI RIBAO in Chinese 14 Feb 93 p 1

[By Wu Xiaoqiang (2976 1420 1730): "Economists Air Views on Reform as Impetus to Development During Sixth Meeting of 'Market Economy Forum'"]

[Text] Economic specialists and scholars once again reminded people that the affirmation of the market economy does not mean the solution of all problems. It is necessary to further deepen reform and launch a new reform upsurge in order to grasp the opportunity in the 1990's and to promote economic development.

The Market Economy Forum, jointly organized by the World Observation Institute and JINGJI RIBAO, recently held its sixth discussion meeting in Beijing. A number of senior economists were invited to the meeting.

Participants warmly expressed their opinions on Comrade Deng Xiaoping's remarks uttered in Shanghai during the Spring Festival period. The economists held that, in the nineties, China must grasp the major opportunity and achieve great development, and the key lies in placing reform in the foremost position so that reform can promote development.

The opinion exchanges at the meeting showed that although the economists held different views on the current economic situation, they all agreed that it is necessary to further improve and consolidate the new structure of the socialist market economy through reform. Wu Jinglian, a famous economist, said that several major problems that still hinder economic development are all structural problems. These problems cannot be solved separately by various departments and localities. The key to the overall coordinated reform lies in the formulation of an overall guideline for unified arrangements. He said that the debate on the current economic situation should be temporarily cast aside so that energy and attention can be concentrated on reform.

An Zhiwen, director of the Society for Research on Restructuring the Economic System, held that in the period of reform and transition, state-owned enterprises, which form the core of the economy, are still not freed from the traditional structure. Therefore, it is necessary to quicken reform and transform the mechanism. Quick action should be taken after the correct orientation is found. Attention should also be paid to lowering the risks of reform. At present, it is inadvisable to adopt tough administrative measures for dealing with many problems existing in economic life. If a problem can be solved by economic means, no administrative measure should be taken; the method of reform should replace the old methods.

Professor Wang Jue of the Central Party School, who had just returned from lecturing in other places, also made a

speech on the issue of transforming the operation mechanism of the state-owned enterprises. He said: The establishment of the new structure of the socialist market economy will provide a new opportunity for transforming the operation mechanism of the state-owned enterprises, but the transformation of the mechanism still requires the help of other feasible measures. For example, when some major industrial enterprises are allowed to act freely on their own by seeking "graft" from foreign enterprises and absorbing funds and technologies from outside, they may also introduce the new management system and thoroughly change the operation mechanism at the same time.

Wu Xiang, deputy director of the State Council's Agriculture Studies Center, analyzed the current economic situation and stressed the urgency of the county-level administrative structural reform. He cited the example of Yangxin County, Shandong Province, and quoted a leading comrade in Shandong Province by saying that Yangxin's administrative structural reform played a significant role in the transformation of government functions, and it "epitomized reforms in the 1980's and started reforms in the 1990's." If many localities can do as Yangxin has done by gradually terminating support for redundant personnel after administrative institutions are streamlined, real and solid results will be achieved in the functional transformation.

Du Runsheng made an important speech on the issue of never losing the opportunity. He said: Comrade Deng Xiaoping repeatedly stressed the need to grasp the opportunity, and this showed his strategic foresight. If we miss the opportunity, we shall make a historic mistake. We should be ready to run some minor risks in order to boost the economy by every possible means. It is not easy to ensure that everything is perfect in the process of reform. What we can do is to fully estimate the possible risks, strive to lower the risks to the minimum, and courageously run certain risks. He particularly warned that it is necessary to prevent such a vicious cycle as tightening control and bringing about stagnation when seeing disorder appear after control is loosened.

Those attending the forum also included Xiang Nan, Wu Mingyu, Li Shenzhi, Li Zili, and Li Baoheng. Tong Dalin, of the World Observation Institute, and Yang Shangde, deputy editor-in-chief of JINGJI RIBAO, chaired the meeting.

Finance Minister on Department's New Functions
HK1902084593 Hong Kong CHING CHI TAO PAO in Chinese No 5, 8 Feb 93 p 29

[From "China Economic News" column: "Finance Minister Liu Zhongli Says Macromanagement and Macro-regulations and Control To Be Principal Functions of Ministry of Finance"]

[Text] Finance Minister Liu Zhongli recently pointed out that to deepen reform of the finance sector, it is

imperative for it to free itself from attending to details and functions mainly in macro management and macro regulation and control.

Liu Zhongli said that, to begin with, the transformation of the finance sector's functions should be conducted by the following four approaches:

1. The finance sector should stop paying attention to the management of state-owned enterprises only, as it has done before, and should enter upon the management of social life oriented to the economic activities of all types of enterprises in the society at large; create conditions for fair competition among enterprises and their healthy development; and regulate the relations among the various quarters of society in terms of income distribution.

2. Macromanagement of the finance sector should be strengthened to guarantee supplies of funds needed by government organs and various public expenditures and ensure inputs to infrastructure. The distribution of incomes society wide should be made fair and the income distribution indexes of different trades and professions, regions, and individuals should be balanced. Readjustment of the industrial structure should be stepped up. It is necessary to regulate the total supply and total demand of society and maintain a basic balance through the coordinated application of financial policies and monetary policies.

3. In supervising economic activities, the finance sector should gradually set up a pattern of supervision that incorporates supervision by finance and taxation authorities, supervision by society, and state auditing.

4. The finance sector should study and establish a system of investments that are made to cater to state policies to ensure a relatively steady supply of funds for basic industries and state infrastructure construction.

Liu Zhongli said that we are now in a transitional period of a changeover from the old system to a new one and have yet to enter the operational track of the new system completely. Therefore, transforming the finance sector's functions must be a gradual process.

Industry Body To Promulgate Competition Law
HK1902113393 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0956 GMT 10 Feb 93

[Text] Beijing, 10 Feb (ZHONGGUO TONGXUN SHE)—Chinese State Administration for Industry and Commerce is now stepping up the drafting of a "law against illicit competition," which is expected to be promulgated and to enter into force this year.

Unfair competition refers to the practice of seeking profit by unfair means in violation of state laws, policies, and business ethics to the detriment of the legitimate rights and interests of the state, producers, and consumers and by disrupting the order of market competition.

The "law against illicit competition" being drafted, includes the banning of seven types of swindling and illicit market behavior, the banning of cartels and the abuse of economic advantages, the banning of regional blockade, and the banning infringements on commercial secrets.

At present, China's laws on the standardization of market behavior are far from perfect. Most stipulations against unfair competition are found in pricing and quality control and are in a disorganized state. Strongly influenced by the planned economy, they do not measure up to the requirements of a market economy. Relevant personalities have indicated that the promulgation of the "law against illicit competition" is imperative.

Official Unveils Onshore Oil Development Plan

*HK1802031693 Beijing CHINA DAILY in English
18 Feb 93 p 2*

[Article by staff reporter Chang Weimin: "Key Co-Op Bid on Inland Oil Areas"]

[Text] China is to make a major move to open up its inland oil-rich areas to foreign firms. The move is designed to quicken petroleum exploitation in order to support the booming national economy.

Wang Tao, president of the China National Petroleum Corporation (CNPC) unveiled the plan yesterday in Beijing. He was addressing around 100 foreign oil firm representatives, many of whom were from the world's highest-profile Western oil companies.

The areas set aside for international bidding, covering around 420,000 square kilometres, are scattered across nine provinces and autonomous regions and the municipality of Tianjin, in North China.

The number of provinces and autonomous regions opened to foreign oil explorers and developers is now 21. China opened 11 provinces and regions in south China years ago.

The newly-opened provinces and autonomous regions include Heilongjiang, Hebei, Henan, Shandong, Hubei, Ningxia, Gansu, Qinghai, Inner Mongolia and Xinjiang.

Untapped resources in those areas set aside for international bidding are estimated to reach 8.2 billion tons of oil and 2,500 billion cubic metres of natural gas.

The first round of bidding will open next month and will involve risk exploration work in the southeastern part of the Tarim basin, in Xinjiang Uygur Autonomous Region.

This part of Tarim, which is expected to be China's oil production core in the future, is divided into five blocks totalling 72,730 square kilometres.

The next round of bidding is expected to open early next year.

In addition, 14 blocks in 10 productive oilfields including the country's major ones, such as Daqing, Shengli and Liaohe, have been set aside for co-operation with foreign oil developers.

Geological reserves of oil in these blocks are estimated at around 723 million tons.

Petroleum reserves in the opening areas are said to be "promising." Wang said "substantive economic results" can be achieved if enough funds and advanced technology are used.

Most of the blocks are located in areas with relatively developed infrastructures and social conditions. Petroleum exploration and development there will receive sufficient service support, he said.

International conventions will be adopted as part of the co-operation drive. Foreign firms which shoulder risk exploration will share oil reserves to be developed there.

For exploration and development in areas where special methods are required, bilateral talks can be held.

Wang said construction of roads to run through the deserts of Tarim is being accelerated. They are expected to be completed within years.

Also, a pipeline to carry oil and natural gas from Tarim to east China will be laid.

The CNPC, which oversees China's petroleum exploration and development in inland areas, is ready to expand co-operation with foreign oil firms, Wang said.

The CNPC has established business ties with scores of foreign firms throughout the past 14 years. CNPC's senior officials spoke highly of the ties, saying they will help their firm become an international conglomerate.

Over 10 Billion Yuan Invested in Railways

*OW1902122993 Beijing XINHUA in English
0942 GMT 19 Feb 93*

[Text] Beijing, February 19 (XINHUA)—China invested a record 10.36 billion yuan (about 1.73 billion U.S. dollars) on railway construction in 1992, some 2.5 billion yuan more than in the previous year.

According to the Ministry of Railways, China last year laid more than 1,000 km of railway tracks, which included 347 km of double-track lines and 475 km of new railway lines.

The country also electrified 879 km of railway, which included 280 km on the line from Lanzhou to Xinjiang (Urumqi) in the northwest and 240 km on the Beijing-Guangzhou line.

Among the newly built railways in 1992, the line connecting Xian and Yanan will help improve the backward economy of the northern part of Shaanxi Province, said an expert.

In 1992, China also started construction on the western Beijing railway station and on a new subway line to ease traffic congestion in the capital.

China also improved technology employed in railway construction last year. The design technology of the Dayaoshan tunnel in central southern China marks a new landmark in the field for the country.

The railway connecting Datong, in China's coal-abundant Shanxi province, to Qinhuangdao port also stood out for its high technology and transportation capacity. Experts say that the design matched international standards of the 1980's.

To help raise funds for railway construction, the central government last year adopted a series of policies that included increasing transportation rates by one fen (5.8 fen equals one U.S. cent) per ton and per km.

The government also encouraged localities and companies to finance and build their own railways and welcomed foreign investment in this area.

'Substantial Development' in Shipbuilding Industry

HK1802122593 Beijing XINHUA Domestic Service in Chinese 1151 GMT 17 Feb 93

[Text] Beijing, 17 Feb (XINHUA)—According to ZHONGGUO MAOCU BAO [CHINA TRADE PROMOTION NEWS], a report from the Shipbuilding Association of the Republic of Korea [ROK] states that China will replace the ROK as the world's second largest shipbuilding country in the international shipbuilding industry.

In 1992, substantial development was attained in China's shipbuilding industry following the development of its foreign economic and trade activities. Statistics have indicated that shipbuilding contracts signed by China last year reached 1.6 million tonnes, an increase of 66.7 percent over the previous year, and only 4 tonnes fewer than the ROK, the second largest shipbuilding country in the world today.

Ships actually built in China last year totaled 1.1 million tonnes, representing a 2.5-fold increase as compared with 1991. Of this total, 590,000 tonnes were built in response to orders from foreign countries. Japan is currently the largest shipbuilding country in the world, with Germany, Spain, and China are contending for third place.

Ministry of Commerce Invests in Shanghai

OW1902091393 Beijing XINHUA in English 0757 GMT 19 Feb 93

[Text] Shanghai, February 19 (XINHUA)—China's Ministry of Commerce recently pooled the resources of several enterprises under it to invest in Shanghai, an industrial and financial center in the country.

According to Hu Ping, minister of commerce, his ministry has set up the Shanghai Huamao Industrial Company Ltd. and the China Jianong Agriculture-Industry-Trade Company, and is building the Liangyou mansion in the city.

The ministry-supported companies and mansion will be located in the Pudong new area, a special development zone in Shanghai that the government hopes will spearhead an ambitious economic development in the city and in the Yangtze river valley as a whole.

The Shanghai Huamao Industrial Company Ltd., set up this week, has a combined registered capital of 10 million yuan and will engage in wholesale and retail sales business, as well as act as a commission agent.

The China Jianong Agriculture-Industry-Trade Company, founded by the supply and marketing cooperatives under the Ministry of Commerce, will group up with provincial supply and marketing cooperatives to construct a large supply and marketing market. The Liangyou mansion, to be built jointly by the Ministry of Commerce and Shanghai City, will become a wholesale center for grain and oil transactions in the Yangtze river delta.

In addition, the Ministry of Commerce is cooperating with Shanghai to build a number of modern department stores and fairs.

Chemical Venture To Enter International Market

HK1902114593 Beijing CHINA DAILY in English 19 Feb 93 p 1

[By staff reporter Zhang Wang: "Venture To Boost the Petrochem Industry"]

[Text] A major joint venture was launched yesterday in Beijing to expand China's role in the international petrochemical trade and investment market.

China International United Petroleum and Chemicals Company (Unipec) is co-funded firstly by the China Petrochemical Corporation (Sinopec), which has a monopoly over the country's petrochemical industry.

The other co-funder is China National Chemicals Import and Export Corporation (Sinochem).

When meeting the leaders of the newly founded company, Vice-Premier Zhu Rongji said on Wednesday that being the product of the ongoing in-depth reform of the country, the company fully conformed to the requirements on establishing a socialist market economy. He hoped the company would make new contributions to the development of the national economy by bringing its role into full play and promoting the simultaneous development of the country's foreign trade and petrochemical industry.

Formation of Unipec is designed to firstly help the country's two leading chemical companies fully play

their role in promoting development of the country's petrochemical import and export business.

Secondly, it aims to expand overseas investment by the two petrochemical industrial and foreign trade giants.

Sheng Huaren, president of Sinopec and also chairman of the board of Unipet, discussed the venture at a celebration held at the Great Hall of the People in Beijing.

He said the company also intends on promoting the country's petrochemical industry to make full use of both domestic and overseas resources and develop domestic and foreign markets. The aim is to meet the rising demand resulting from economic growth in China.

But growth leads to a short supply of crude oil, refined oil products and petrochemicals.

The central government's decision to vigorously develop the petrochemical industry in this decade has created great opportunities for foreign investment and co-operation.

But the double-digit economic growth in China requires continuous importing of foreign crude oil and advanced petrochemical equipment and technology, sources said.

Unipet enjoys the State-authorized right for importing and exporting petroleum and chemicals and conducting direct overseas investment.

Minister Discusses Rural Market System

HK1902054093 Beijing NONGMIN RIBAO in Chinese
28 Jan 93 pp 1, 4

[Article by Liu Zhongyi (0491 0022 0001): "On Rural Economic Work Under Market Economy System"]

[Text] The 14th party congress has determined the general goal of building a socialist market economy structure in China and pushed China's reform, opening up, and economic development to a new stage. Under the new situation of pushing structural conversion and quickening the pace of economic development, how the rural economy, as an important component of China's socialist market economy, should continue to maintain the sound momentum of steady development has become an important topic facing us. It is imperative for our agricultural departments to stress the need to view the rural economic situation with the theory and concepts of the socialist market economy and guide rural work by objective laws governing the market economy. This is the important task for us, doing a good job of rural economic work today and from now on.

1. Viewing the Rural Situation With the Concepts of the Market Economy

The Third Plenary Session of the 11th Central Committee made an important decision on reform and opening up, which was first implemented in the rural

areas with tremendous success. Comparing 1991 with 1979, gross grain output increased from 660 billion jin to 870 billion jin, a two-step escalation; cotton output increased 1.6 times, and the output of various economic crops doubled. The gross output of meat and aquatic products increased two-fold. The gross output value of enterprises in townships and towns increased 20-fold. Peasant per capita net income increased 3.4 times. This was a period in which China's agricultural production developed the fastest, the rural economy was most active, and peasants obtained the greatest substantial benefits. The Central Committee and State Council adopted a series of policies and measures; in general, they were: Spreading the responsibility system, with the system of contracted responsibilities on a household basis with remuneration linked to output in the main; raising purchasing prices for farm produce by a wide margin; showing respect for the autonomy of localities and peasants in production operations, lifting controls over the operation of some farm produce and the market, and invigorating circulation; and advocating the development of diversified management and supporting the development of enterprises in townships and towns. Today, we can have a very clear picture that economic reform, which first began in rural areas, has all along taken the market mechanism as its orientation and the comprehensive development of the rural economy as its goal, with accomplishments that caught the world attention. The practice of rural reform and development has fully demonstrated the effectiveness of the market mechanism in allocation of agricultural resources as well as its tremendous power in promoting rural economic development. We may put it that the 14-year rural reform has not only enabled the rural market economic structure to initially take shape, but also laid an important foundation in creating a comparatively sound situation for us to guide the rural economy to further advance toward the market today.

Under the inspiration and promotion of the spirit of Comrade Deng Xiaoping's important remarks and the enlarged plenary session of the Political Bureau in 1992, China has enjoyed a strong momentum of accelerating development and deepening reform in its entire national economy; another bumper harvest was reaped in agricultural production, and rural economic development as well as the process of reform have accelerated; the general situation is fine. At the same time, some problems have surfaced, mainly: 1) There are difficulties in selling farm produce, especially grain, and government IOU's were issued in purchases. 2) Scissors differences between industrial and agricultural prices have widened, with a marked drop in economic returns of agricultural production. 3) Apportioning and funds collection of every descriptions have increased, exceeding the state's regulations and the peasants' bearing capacity. 4) There has been a marked cutback in agricultural input, with voluminous outflow of rural funds. 5) The condition of occupying arable land was out of control. And, 6) Leadership in agricultural production and rural work at the grass roots and production forefront of many places has

weakened. All this has not only affected peasant interests, but also dampened their enthusiasm for developing production, especially grain production. Thus, the concern of the whole party and society was roused. We believe, the causes leading to these problems are as follows:

First, farm produce output has increased in consecutive years, with ample supply, difficulties in marketing, prices on the low side, and increase in stock. People are liable to get the wrong impression that the problem of agriculture "is solved." Although nobody denies the basic guiding ideas shaped over a long period, such as "take agriculture as the base," "put agriculture on top priority of the national economy," "making arrangements of the national economy in the order of agriculture, light and heavy industries," actually, these guiding ideas are not so earnestly taken into consideration to a very large extent. Especially in the course of quickening the pace in advancing toward the market economy, some people believe that they could give agriculture less care and even leave it alone. The fine situation in agricultural development led to relaxing and neglecting agriculture ideologically, and that is a problem in the subjective realm.

Second, regarding the entire national economy, all trades, professions, and localities are going all out to strive for high growth rate, and we should affirm such an invaluable situation. Under such a situation of profound change, the competition mechanism of the market economy and the guidance mechanism of interests will irresistibly play an increasingly important role with each passing day, whereas agriculture, which shoulders heavy responsibility for ecological and social effects [she hui xiao yi 4357 2585 2400 4135] but with not so great economic returns, is landed in a very unfavorable position in market competition. According to the law governing social average profit rate, under the condition of a widening gap in the comparative interests between various major industries, social funds will inevitably be affected in their direction of flow, running from rural to urban areas, from agriculture to secondary and tertiary industries, from grain and cotton production to economic crops as well as breeding and processing industries, and funds which the state arranges for agriculture will likewise be affected. That is a problem which objectively exists.

Third, the incompleteness and imperfection in the development of the market mechanism resulted in its failure to keep up with macroscopic guidance and the structure of regulation and control in compliance with the market economic operation. We may put it that this point is related to all outstanding contradictions in the present-day rural economy, and is hardly avoidable at a time when the national economic operational mechanism is at an important conversion point, but should be earnestly resolved as quickly as possible. Take grain production for example, China's gross grain output is not great, the level of per capita possession is especially low, and the gap is great between China and countries developed in

agriculture and even some developing countries. However, a sustained situation of difficulty in selling grain has surfaced. The causes are manifold, but the most basic point is that our measures and means for macroscopic regulation and control over grain production and circulation are poor; we have failed to give guidance to those aspects that should be guided, and protection to those aspects that need to be. Sometimes, certain counter effects resulting from various factors against regulation and control would even surface.

Fourth, peasant adaptability to the modern market economy is weak. Although China's economic reform first began in agriculture and rural areas, and the market economic mechanism was first introduced in agriculture, the development level of agriculture and the rural economy in their entirety remains low; peasant consciousness of the market economy is not strong, and the level of development in the rural market system remains low. Existing markets are basically regional or country markets, a modern market system is yet to take shape. Peasants mainly conduct their production operational activities under the guidance of regional and country market quotations; under the condition that macroscopic guidance failed to come up, comparatively marked "regional identity" and blindness surfaced. This problem has led to the separation of peasant household microscopic economic activities and the macroscopic requirements of the whole situation of the national economy; hence, the frequent phenomenon of overproduction in various crops.

In a nutshell, problems surfacing in the rural economy today are new problems and can hardly be avoided at the initial stage of the conversion from a highly centralized planned economy that has a long standing to the socialist market economy. Therefore, to resolve those problems in the rural economy today, it is imperative to exert efforts to adopt a new train of thought and economic measures together with legal and administrative ones in an active, sure, and steady way in accordance with the spirit of Comrade Xiaopings's remarks and the objective requirements of the market economy. In the near future, we should focus our energy on firmly grasping and doing a good job of resolving the problems strongly reflected by the peasants, especially such problems as excessive peasant burdens and issuing government IOU's in purchase so that all kinds of contradictions may be eased as quickly as possible to stabilize and give play to peasant enthusiasm for production and do a good job of agricultural production this year. At the same time, it is imperative to exert great efforts to study and build a new macroscopic regulation and control system and operational mechanisms which will protect peasant interests and enthusiasm for production under the condition of the market economy to insure steady growth in agricultural production, especially grain and cotton production, working hard to maintain sustained development of the rural economy and a lasting good order in the whole situation of the rural areas. This is to prevent a repetition in rural problems or aggravation in contradictions, and

is simultaneously helpful to improving our ability in adapting to and governing the market economy, while promoting the development and growth of the rural market economy.

2. Build an Agricultural Macroscopic Regulation and Control System Based on the Requirements of the Market Economy

To develop the market economy, by no means should we leave agriculture alone, but must relatively build a state macroscopic regulation and control system over farm produce, especially grain and cotton as quickly as possible. This has a two-fold meaning. In a general sense, the market economy should comprise the independent microscopic subjective aspect, a developed market system, and complete and perfect macroscopic regulation and control; these three aspects are related to and restrict each other, and form the organic whole of the market economy. A market economy that boasts a market in the absence of macroscopic regulation and control is incomplete. What we pursue is the socialist market economy, it is all the more necessary for us to build a complete and perfect macroscopic regulation and control system. In a particular sense, because agriculture is a weak industry by nature, its ecological and social effects are great, but its economic returns are comparatively low; especially in China's agriculture, because there are many peasant households, small in scale and dispersed in production, the proportion of farm produce in the volume of commodities is small, its competitiveness and ability to bear risks are weak, precisely this calls for government macroscopic regulation, control and powerful support as well. This is the most popular way in the world, including those countries whose market economies are the most developed.

The key to the state's macroscopic regulation and control over agriculture is that over the production and marketing of grain and cotton, which have a bearing on the national economy and the people's livelihood. When a good job is done of this point, it means gaining the initiative in guiding, regulating, and controlling all agricultural production and even the whole situation of rural economic development. Referring to the general experiences in economic operation of the world market and China's characteristics, China may build its own macroscopic regulation and control system over major farm crops, including grains and cotton, along the line of regulation and control at two levels with responsibility at each level; namely, macroscopic regulation and control systems over major crops, including grain and cotton, at the central and provincial levels are to gradually take shape, each with a certain focus, while bearing responsibility at each level, converging with and insuring each other, thus forming an organic whole in China's new regulation and control system over the production and marketing of grain and cotton.

The chief function of the central-level regulation and control is to be in charge of the balance of general volume in the production and marketing of grain and

cotton nationwide, with focus on insuring the convergence of production and marketing between major production and marketing areas. Specifically, its functions are as follows:

1) It is to continue to retain a certain amount of purchase power, but at the same time, change the method of placing purchase orders. From now on, the state will continue to purchase and reserve a certain amount of grain and cotton products to insure supplies to large cities, large industrial and mining areas, and special military needs, as well as providing relief to extraordinarily great disaster afflicted areas. However, such purchase orders will no longer involve the state relaying purchase quotas to peasant households through local governments at every tier, but will change into authorizing some large and medium enterprises specializing in purchasing grain and cotton and their managers to purchase grain and cotton products at market prices, while purchase will be mainly conducted in major grain-and-cotton-yielding areas as well as those commodity-base counties included in the national-level list. The central government's policy is adopted in areas in these two categories, which are protected through stable purchasing orders. Those grain and cotton consumers (including production consumption and subsistence consumption), whom the state must supply, should pay for this grain and cotton at market prices in the main. Regarding special demands under state protection, the lowest prices for protecting the consumer may be set or paid as relief or support.

2) The protected prices and reserve system should be implemented. The central level should establish a grain and cotton resource and price risk fund, chiefly to be used in setting up a protected price and reserve system. The state should make public the lowest protected prices for grains and cotton for the coming year to producers and purchasing and marketing enterprises before autumn and winter sowing every year. When grains and cotton prices are excessively low, the state should purchase them at protected prices, while they should go into a central reserve. The implementation of protected prices and a central reserve should be confined to centralized grain-yielding areas and important commodity-base counties and areas. This being the case, it is necessary to set up the state grain reserve system and its agencies in major grain-yielding areas.

3) The central government is directly to build and participate in the organization and administration of several major grain and cotton wholesale and futures markets, so that the purchasing and marketing prices of grain and cotton may take shape mainly through these large markets. When abnormal fluctuations of market prices surface, the government may conduct purchase and marketing at the maximum prices of a guiding nature or the lowest protected prices to stabilize market prices to avoid hurting the peasants because of cheap prices for grain or to support market prices to protect peasant and consumer interests.

4) It is to organize and give guidance to mass transactions of grain and cotton, futures contracts, and horizontal connections in production and circulation with provinces as units. Aside from developing and standardizing large-type wholesale and futures markets, the central government should give full play to the functions of administrative organizations, harmonize and balance regional production and marketing, and organize the convergence and regulation of local grains and cotton resources when necessary.

5) It is to make overall arrangements for the import-and-export trade of mass farm produce, formulate strategy and specific policies for China's grain and cotton exports, decide the place of export at the central level and organize the plan's implementation. From now on, it is necessary to comply with the new situation by which China is to be restored to GATT membership, change the condition of the separation of domestic and foreign trade in grain and cotton to further lift control over the domestic farm produce market. In the supply of farm produce, it is necessary to effectively give play to the advantages of resources to conduct substitution of resources based on the principle of actively opening up the world market. Through world trade in farm produce, changes in the supply-and-demand condition in the world market should be linked to supply at home, while actively utilizing world trade to regulate surplus or shortage of farm produce at home and readjust production and marketing.

The chief functions of regulation and control at the provincial level is mainly to take charge of the comprehensive balance and regulation in surplus and shortage in the production and marketing of grain and cotton. Specifically, it includes the following aspects:

1) It is to make overall arrangements for the supply-and-demand relations of major farm produce inside one's province or region, build the reserve system of regional protected prices for such major farm produce as grain and cotton at the provincial level, and bear responsibility for insuring grain supplies of one's province. Various places should no longer rely entirely on the central authorities as in the past when they did not purchase or reserve any grain in a bumper harvest year, but asked for grain and cotton from the central authorities in lean years. The general principle from now on should be that the major grain-yielding areas and key marketing areas will come under both state and provincial regulation and control, general grain yielding and marketing areas will come under provincial regulation and control in the main, with central regulation and control being complementary, or entirely come under provincial regulation and control. In grain and cotton production, the central authorities will not excessively stress total self-sufficiency in grain but balance between various provinces and regions. Major cotton-and-grain-yielding areas should enthusiastically develop production, improve structure, quality and supply levels to conform with local advantages; whereas other areas relying purely on transfer from other provinces should

not waste resources and enthusiastically realize supply-and-demand regulation and balance through optimal combination. Those areas other than cotton-and-grain-yielding areas, which are not under the central government's direct protection, should formulate local government policies for their protection at and below the provincial levels.

2) Various provinces and regions should establish comparatively stable accords on purchase and marketing of grain and cotton and their futures, as well as the regulation of varieties based on the principle of cooperation and mutual benefit through the central organizations for macroscopic regulation and control over grain and cotton in addition to central-level wholesale markets. Flow of grains and cotton across provinces should be realized mainly by relying on the role of the wholesale and futures markets.

3) Under the guidance of the state macroscopic policy, it is to organize the implementation of the provincial plan for cotton-and-grain export. Coastal provinces and areas along the border should give full play to favorable conditions of export-and-import in foreign trade to conduct the substitution of production resources in grain-and-cotton export and import in an enthusiastic, sure, and steady way, develop good-quality marketable products in the world market, where their demand in grains and cotton may rely on the regulation and supply of hinterland provinces to a certain extent; through the pulling force of demand in this aspect, the production and price trends of mass farm produce, including grain and cotton will be brought along.

4) It is to guide, regulate, and control production-supply-marketing relations of grain and cotton of prefectures and counties, and guide as well as organize the rural collective economy and peasants to form the habit of routine production and grain storage for their own subsistence to realize the principle of storing grain among the people.

Building China's macroscopic regulation and control system over farm produce is a matter that has a bearing on the whole situation and involves our long-term future. The aforesaid are just some sketchy concepts for the central authorities' study and decisionmaking; they involve a comparatively long process of development and shaping. To insure the normal operation of the state macroscopic regulation and control system, it is imperative to adopt comprehensive measures as follows:

First, it is imperative to insure the legitimate rights and interests of subjective aspects of agricultural production operation, while adopting multiple means to support major cotton and grain yielding areas to widen production channels to develop diversified management and shape the compensation mechanism of economic interests as quickly as possible on the basis of maintaining steady development in grain and cotton production. Second, it is necessary to continue to deepen reform of prices and the circulation structure of farm produce;

and further lift control over prices of farm produce, develop, complete, and perfect the farm produce market, and implement multichannel operation. At the same time, it is necessary to develop various intermediate market organizations, augment building the market and circulation infrastructure, and make possible the quickest shaping of a new farm produce circulation system and a fully developed market. And third, it is necessary to build a security system for grain and cotton production in China, namely: 1) It is necessary to continue to build grain and cotton production bases at different levels and work hard to improve China's comprehensive productive forces of grain and cotton; 2) it is necessary to further argument building of a social service system for agriculture, and shape a multiform, multi-tiered social service network with multiple trades run by the government or others to give full play to the role of science and technology in reinvigorating agriculture, work hard to lower grain and cotton production cost, improve output and quality, and raise the output rate to improve economic returns; and 3) it is necessary to adopt down-to-earth measures to insure effective supply of basic agricultural production materials and basic stability of prices.

3. Observe the Law Governing the Market Economy To Grasp Well Agricultural Work

Presently, work of agricultural departments falls behind the requirements of developing the market economy. On the one hand, this is because the work functions and means of agricultural departments are very incomplete and imperfect, far from being comprehensive; at the same time, the separation between agricultural production and production, supply, and marketing in rural economic operations, between departments and localities, has resulted in lots of difficulties to the state in effective regulation, control and administration of the rural economy under market economic conditions; many economic measures fail to harmonize with each other, and various economic levers fail to be used in coordination with universal phenomenon of contradicting and restricting each other. On the other hand, the work concepts and methods of agricultural departments themselves have failed to come up and comply with the new situation. To fall in line with the needs of developing the market economy and do a good job of rural work, it is imperative to augment work in the follow aspects:

1) It is necessary to augment rural economic activities, especially the building of an information system about the production and marketing of grain and cotton. Extensive amounts of information are called for, information on production of grain and cotton, cost estimates, resources, environment as well as product prices, demand and consumption, product stock and reserve, in addition to international agricultural and commercial conditions. Furthermore, it is necessary to establish an independent sampling survey system and a scientific analysis system, as well as a standardized information distribution system, so that it may genuinely provide governments at all levels with accurate important

grounds for their macroscopic decisionmaking and become an important means for agricultural departments to guide agricultural production and the rural economy.

2) It is necessary to break through the unitary production pattern in rural areas with great efforts to promote the comprehensive development of the rural economy. We cannot, nor should we, elbow out industrial crops and weaken production of animal husbandry and aquatic products to maintain the stable development of grain and cotton production under the market mechanism. Our principle today is enthusiastically to develop diversified management, develop the industries of aquatic product and animal husbandry, while insuring the stable development of grain and cotton production to shape an economic situation characterized by comprehensive exploitation and utilization of resources, comprehensive compensation of economic interests, and harmonious development of the primary, secondary, and tertiary industries.

First, it is necessary to insure stable development of mass farm produce including grain and cotton. 1. It is necessary to adhere to the principle of "maintaining stability on the whole situation, with small-scale readjustment," do a good job of grasping the orientation and range of the structural readjustment of the farming industry; the area planted in grain crops should not be excessively reduced whether in coastal areas or the hinterland. Excessive reduction in area planted to grain crops will affect the whole situation of grain production and supply. Furthermore, the excessive increase in whichever farm produce involves the market's capacity; if this point is not taken into consideration, it will inevitably result in a new round of surplus and difficulty in marketing. Regarding grain production itself, much can be accomplished in readjusting varieties and quality structure. It is imperative to continue to encourage structural readjustment in varieties of grain and increase the proportion of good-quality varieties, while continuing to encourage the development of intercropping and inter planting. 2. It is necessary to enthusiastically develop the processing, converting, and comprehensive utilization of grain, cotton, and sideline produce. A foodstuff processing industry with grain as its raw materials should be developed in a big way; the development of grain production should be closely linked to the development of enterprises in towns and townships. Fodder crops and the fodder industry should be developed in a big way, and the use of grain for livestock and aquatic products accelerated; the utilization of vegetable stems and stalks is an arena with huge potential, and should be enthusiastically organized and spread on the basis of experiments in recent years. 3. It is necessary to do a good job of production organizational work and render service to major grain and cotton yielding areas to promote the comprehensive development of their production and economy. From now on, the state will continue to make arrangements for building grain and cotton commodity

production bases, continue to unfold comprehensive development in agriculture and "project for bumper harvests."

Second, it is necessary to develop animal husbandry and aquatic products industry in a big way. It is where the potential and hope of fully exploiting and utilizing resources and developing the rural economy in a comprehensive way lie. Animal husbandry areas should simultaneously develop farming and herding. Potentials of animal husbandry on the pasture are great and should be developed at a quicker pace; major grain-yielding areas should exert greater efforts in the converting of livestock produce. The aquatic products industry should implement breeding in both sea and fresh waters, paying equal attention to breeding and net fishing. Viewing this tendency, breeding of aquatic products will develop greatly; this also falls in line with China's actual conditions. Both the animal husbandry and aquatic products industries should give full play to their existing infrastructure and technological advantages by completing, perfecting, and developing the unified production-supply-marketing operational and managerial structure, focusing on grasping building and development of large bases as well as large and medium enterprises, develop processing, conversion, and exports, and building circulation to break walls between localities, trades, and China and the world to open up the market. Production operational area should be extended to improve economic yields and augment economic strength.

Third, it is necessary to enthusiastically develop enterprises in towns and townships. The comprehensive development of the rural economy and the development of the market economy interact with each other, whereas the enterprises in townships and towns play a role in both aspects with the same results. Under the new situation by which the market economy is continuously developing, enterprises in townships and towns should have a sense of pressure and deepen reform to welcome the challenge. Presently, the work focus is on implementing well two major strategic measures: First, it is necessary to develop enterprise groups in the eastern part of China. Combinations can be unfolded inside enterprises in townships and towns, and they can be combined with state-owned enterprises and foreign enterprises to supplement each other. They should strive to improve their technology and upgrade products to expand both the domestic and overseas markets. And second, it is necessary to advance toward the central and western parts of China, and advocate the horizontal combination of eastern, central, and western China, while adopting various forms on the basis of mutual benefits to support and promote the rise and development of enterprises in townships and towns in central and western China as well as minority nationality regions.

3) Adhere to suiting measures to local conditions, and conduct categorized guidance in rural economic work in the eastern, central, and western parts of China.

Because of the great differences in natural, economic, and social conditions in various parts of the Chinese countryside, with different economic types taking shape and each having advantages in development, it is imperative to pay attention to suiting measures to local conditions and formulating a train of thought and measures in compliance with different specific conditions, while implementing categorized guidance.

Eastern China is well developed in communications and transportation, with advantageous geographical conditions, and its market economy is comparatively developed, with strong socioeconomic strengths; it enjoys a comparatively high agricultural productive force, with good conditions for the comprehensive development of the rural economy at a high level; it has mature conditions to quicken the pace of agricultural modernization, promote the comprehensive development of the rural economy, and shape into a rational new form worker-peasant and urban-and-rural relations. An issue that calls for our attention to study and resolve is that with continuous economic development in the eastern China and changes in economic and income structures, does agriculture remain the base? This issue needs to be studied and clarified. Today, the eastern part does have greater opportunity to make money, and some people think, why they should continue to exert such great efforts to till the land? If there is a shortage in grain, they can always purchase them; if there is a shortage in China, grain can always be purchased overseas, and people can get whatever kind of grain they want. We believe the realities of economic development may not be so. Even a country like Japan, whose industry is quite developed, but with limited agricultural resources, attaches extremely great importance to agriculture and firmly grasps grain production. Any province in China which boasts a population of scores of millions, even 100 million, would be regarded as a world power, population-wise. Should a province excessively rely on imports or transfer from other provinces for the primary raw materials for industrial production and farm produce indispensable to people's subsistence, such a way to economic development would be an impasse. Once problems crop up, even if one has cash to import or transfer grain from other provinces, transportation would be a big problem. This being the case, the eastern part must stress the position of agriculture as a base, but should never neglect and relax on agriculture. It should consider how to utilize the economic advantages of its own area and various favorable conditions to promote agriculture developing to a higher tier and take the lead to advance toward agricultural modernization. From a long-range view, only then will it be possible to be helpful to the comprehensive, harmonious socioeconomic development of the area.

Central China is where grain and cotton production is most concentrated and the main source of commodity grain and cotton. The problem today is that these areas have met difficulties in selling their grain; prices are low, resulting in irrational comparative interests, and their

agricultural advantages have become economic disadvantages. Thus, peasants planting grain crops and governments of grain-yielding areas have lost interest in developing grain production. We must view this issue soberly with a long-range view. The advantage of central China is chiefly agriculture, with grain being the major crops. It is possible to plant some cash crops based on the actual conditions, and enthusiastically develop animal husbandry, aquatic products, forestry, and fruit production, but that should be linked to steadily developing major farm crops such as grain and cotton. Should extreme steps be taken, with major crops elbowed out, and other cash crops produced voluminously, the same problem would arise, namely the problem of a market. More importantly, that would make local economic and social development lose its support. This being the case, the central part of China should think out how to give play to its own advantages, but not to give them up while entirely copying others' practice. These areas should shape themselves into a new pattern of rural economy with major farm crops as the base, linked to diversified management, with comprehensive development of various industries supporting each other.

Western China is of the greatest potential, and the most hopeful in China's agricultural development. These areas have for many years grasped in a down-to-earth way water and soil preservation, improvement in small river valleys, and afforestation; some areas have changed several hundreds of mu of land into "oases" through building large water conservancy works, yielding reasonable bumper harvests in grains in consecutive years. When grain production rises, the entire economy is invigorated. This should be the basic principle for the west to achieve "a radical and basic change" in the situation. Besides, the west should open up in all directions, augment horizontal economic combination, import funds, technologies, and qualified people from the eastern part of the country through substantial preferential measures to accelerate the exploitation and utilization of their resources. Only by extending opening up, implementing importation from other provinces and in combination with foreign investment will it be possible to make progress; whereas the pursuit of independence under the condition of severing all ties with other provinces and countries will never work.

In a nutshell, there are one thousand and one differences between the conditions in various localities, and they should do their own work based on their own conditions and advantages; furthermore, they should base themselves on production, for without production there would be no circulation; without circulation, there would be no market economy. Under whatever circumstances, we should never "require unanimity in everything," blindly compare with others, and rush headlong into mass action. We should seek truth from facts, give play to our own advantages, do substantial work, pay attention to actual effects, and unfold work with originality.

4) Augment organization and leadership in rural work.

In proceeding from China's basic national conditions, or considering the industrial characteristics of agriculture itself, or referring to foreign basic experiences, we must emphasize one point, namely, the more we want to develop the socialist market economy, the more it is necessary for us to augment the government's administrative function in agriculture; under the condition of the market economy, agricultural administrative departments' administrative functions are not reduced but increased; they are not dispensable, but must be augmented and substantiated. This being the case, the oversimplified methods of abolition and merger, the way of pushing peasants as well as agricultural administrative departments toward the market seems to be going very far in lifting control with great stride in reform, but in actual fact, it shows a lack of understanding of the socialist market economy; probably it is not helpful to shaping and development of the rural socialist economic structure, nor is it helpful to agriculture and the smooth operation of the rural economy. Under market economic condition, agricultural administrative departments should exert efforts in converting functions, work hard to give play to their roles in supporting, serving, guiding, controlling, harmonizing, protecting, supervising, and administering agricultural production and operational activities to insure the harmonious, orderly, and highly efficient operation of the rural market economy.

Under the new situation, it is imperative to improve and augment the party and government's organization and leadership in rural work. Based on the requirements of the Central Committee and State Council, party committees and governments at provincial, prefectural, and county levels should put their energy and work focus on agriculture. It is necessary to promptly understand the new conditions, study new policies, and resolve new problems surfacing in the course of the development of the rural market economy to create a sound environment for developing the rural market economy and promote sustained stable development of the rural economy.

Commentator on Macroregulation of Agriculture

HK1902101993 Beijing JINGJI CANKAO BAO in Chinese 15 Feb 93 p 1

[Commentator's article: "Establish a Macroregulation and Control System for Agriculture as Soon as Possible"]

[Text] Developing an agricultural market economy does not mean forsaking all control over agriculture. Now an important point is to establish a macroregulation and control system as soon as possible for agricultural products, particularly for grain and cotton. This includes two aspects of meaning. In a general sense, the market economy should have three components: A microbody, a developed market system, and complete macroregulation and control. These three aspects are related to each other, restrict each other, and constitute an organic entity for the market economy. A market economy with a market system but without macroregulation and control is an incomplete market economy. We are practicing

the socialist market economy, so we need to establish a perfect macroregulation and control system. In a specific sense, agriculture is a feeble undertaking with big ecological and social effects but low economic returns. Particularly in China's agriculture, there are many peasant households, but its scale is small, its production is decentralized, the commodity rate of its products is not high, and its competitiveness and ability to undertake market risks are weak. This necessitates government macroregulation and control and powerful support. This is a commonly practicable method in the world, including countries with the most developed market economy.

Macroregulation and control over agriculture should focus on the production and marketing of grain and cotton, which have an important bearing on the national economy and people's lives. Doing a good job in this respect means gaining the initiative in guiding, regulating, and controlling the entire agricultural production and even the entire situation of rural economic development. In view of the general experience in international market economic operations and China's characteristics, China may consider establishing a macroregulation and control system for the production and marketing of grain and cotton according to the idea of two-level regulation and control and graded responsibility. In other words, it may gradually form a central- and local-level macroregulation and control system for major agricultural products including grain and cotton. Each has its work focus and assumes its responsibility, but they are related to each other and protect each other, thus forming an organic entity for China's new macroregulation and control system in grain and cotton production and marketing.

The main function of the central-level regulation and control is to take charge of the overall balance between the production and marketing of grain and cotton throughout the country, with the focus on ensuring the convergence between centralized production areas and main marketing areas. To put it more specifically, this includes the following: First, in the future, the state will still have to purchase and store a certain amount of grain and cotton products to guarantee supplies for big cities, big factories and mines, and the military and relief during serious natural disasters. But this procurement will not proceed in the manner of the state setting purchase targets for peasant households through different levels of local governments; instead, grain and cotton products will be purchased from some large and medium grain and cotton purchase and marketing enterprises and dealers at market prices. Second, a price protection and storage system will be implemented. Prior to autumn harvest and winter farming each year, the state should announce to producers and purchase and marketing enterprises the minimum protected prices for grain and cotton for the following year. When grain and cotton prices are too low, grain and cotton should be purchased at protected prices and entered in the central reserve. The central-level price protection and storage

scope should mainly cover centralized production areas and important counties and prefectures designated as production bases. Third, the state should directly establish and participate in the organization and management of several major grain and cotton wholesale markets and futures markets so that grain and cotton purchase and marketing prices will take shape through these major markets. When market prices fluctuate abnormally, the government should carry out purchase and marketing at the maximum guidance prices and the minimum protected prices so as to stabilize market prices and prevent the peasants from being harmed as a result of falls in crop prices. Fourth, a trade for large quantities of grain and cotton should be organized and guided by provinces along with the formation of lateral relations between futures contracts, production, and circulation. Apart from developed and standardized large wholesale and futures markets, the state should fully display its administrative and organizational functions, coordinating the balance between regional production and marketing; if necessary, it should also organize localities in converging and regulating their grain and cotton resources. Fifth, overall planning should be carried out for the import and export of major agricultural products including grain and cotton, and a unified strategy and detailed policy should be formulated for China on the import and export of agricultural products. We should adapt ourselves to the new situation after China's readmission to the GATT in the future, change the separation between domestic and foreign sales of grain and cotton, open the domestic market for agricultural products, integrate the changes in international market supply and demand with domestic market supply and demand through international trade in agricultural products, and use international trade to a certain degree to regulate the surpluses and shortages of domestic agricultural products.

The main function of provincial-level regulation and control is to take charge of the comprehensive balance between the production and marketing of grain and cotton in the relevant province (city or region) as well as the regulation of the surpluses and shortages of grain and cotton. Specifically speaking, this includes the following: First, overall planning should be carried out on the supply and demand of major agricultural products in the relevant province or region and a provincial-level reserve system should be established for major agricultural products including grain and cotton along with regional price protection. From now on, localities should no longer rely completely on the state and should stop the practice of neither purchasing nor storing in good harvest years and asking the state for grain and cotton in poor harvest years. The general principle is this: Major grain-producing regions and key marketing regions should simultaneously exercise state and local regulation and control, whereas ordinary producing and marketing regions should take local regulation and control as the main aspect while making state regulation and control subsidiary, or they should rely entirely on local regulation and control. Second, through central grain and cotton macroregulation and control departments and

wholesale markets, a province or region can establish comparatively stable, cooperative, and mutually beneficial agreements with other provinces or regions on the purchase and marketing of grain and cotton and on their futures markets. They can also establish regulatory methods on their varieties. Grain and cotton exchanges between provinces should mainly rely on the role of futures and wholesale markets. Third, a province should implement its plan on the import and export of grain and cotton under the guidance of the state macropolicy. Provinces in coastal and border areas should fully use their favorable conditions for foreign trade, import, and export actively and steadily find substitutes for the production resources of grain and cotton, and develop top-quality products which sell fast in the international market. Fourth, the relations between the production, supply, and marketing of grain and cotton in prefectures and counties should be guided, regulated, and controlled. It is necessary to guide and organize the rural collective economy and to guide and organize the peasants in forming a permanent reserve for production and livelihood. This is storing grain among the people.

The establishment of China's macroregulation and control system for agricultural products involves the overall situation and long-term interests. This will undergo a comparatively long process of development and formation. The idea of forsaking all control and waiting for its natural formation is incorrect, but being overanxious for quick results and moving headlong into mass action are also detrimental. What we need is this explicit consensus for the higher authorities and the lower levels: The establishment of a macroregulation and control system for agriculture is a must but requires a practical, realistic, and down-to-earth spirit. Tasks having the necessary conditions must be carried out, and whenever there are no necessary or mature conditions for the fulfillment of tasks, such conditions should be actively created. In short, it is necessary to establish as soon as possible an agricultural macroregulation and control system which conforms to the market economy. This is not only the need of agriculture itself but is also for the development of China's socialist market economy. We should absolutely not regard it as unimportant.

Farmers Unable To Cash Money Orders

HK1902050593 Beijing CHINA DAILY in English
19 Feb 93 p 3

[By staff reporter Xie Liangjun: "Farmers Owed Cash by Postal Offices"]

[Text] Chinese farmers, always keen for cash to buy agricultural materials and the necessities of everyday life, now have to contend with another kind of IOU note, this time not from commercial departments but from postal offices.

The farmers were seemingly pleased with the news that by the middle of last month some 3 billion yuan (\$517 million) had been paid to farmers nationwide to redeem all IOU notes. But now they are frustrated again as they cannot always exchange money orders for cash at many postal offices.

According to the Ministry of Posts and Telecommunications, this problem has become more serious in recent years, mainly in the provinces of Sichuan, Hubei, Hunan, Jiangsu and Henan which send most of China's surplus rural labourers to the cities.

Ministry officials say the problem worsened between last November and this month.

In the Nanchong Prefecture of Southwest China's Sichuan Province, 60 percent of its rural postal offices were attacked by angry farmers before New Year's Day. Seven postal workers were injured, and doors and windows smashed.

By the end of last year, money orders totalling 800 million yuan (\$137.9 million) had still to be cashed in Sichuan Province alone.

Solution

The officials say some farmers have to wait for more than two months to convert the money orders into cash.

Although the ministry hopes the problem will be eased in two to three months, the only real solution will be a reform of China's monetary system.

The Ministry of Posts and Telecommunications used to do remittance and accounts-settling businesses with the People's Bank of China, now the Industrial and Commercial Bank of China (ICBC) and Agricultural Bank of China. According to an ICBC official, his bank is now short of cash.

And the process of remittance allocations and transfers between these banks, rural branches and subbranches is much slower because of weak computer links. Many rural postal offices, therefore, find it hard to obtain sufficient cash to exchange for money orders.

The situation has prompted Chinese government officials and economics experts to re-consider the birth of the country's postal savings bank. This special bank is expected to take all responsibilities for postal remittances. They claim this would be the best way to solve the problem of IOUs.

By the end of last year, more than 20,000 postal offices dealt with deposits. Postal savings totalled 47.6 billion yuan (\$8.2 billion).

In 1991, Chinese postal offices across the country received a total of 320 million postal remittance deals worth 101.78 billion yuan (\$17.54 billion).

East Region

Governor Speaks at Shandong Economic Conference

SK1902021293 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 17 Feb 93

[Text] At the provincial economic work conference held 17 February, Zhao Zhihao, deputy secretary of the provincial party committee and governor, stressed the necessity to further emancipate the mind; strengthen the sense of urgency for economic development; carry forward the spirit of fearing no difficulties, being unwilling to lag behind, and striving to create the first-class work; do solid work; and promote the development of the economy in a faster and better manner.

Zhao Zhihao pointed out that the key to improving this year's industrial, communications, financial, and trade work hinges on further emancipating the mind. He said: Last year, all localities throughout the country, particularly advanced provinces and municipalities, made faster economic development. Jiangsu's industrial output value was 12 million yuan more than ours. Guangdong's GNP was 20 billion yuan more than ours. Last year, our province created \$4.7 billion foreign exchange, equal to 25 percent of Guangdong's figure. So, we must not rest content with the existing achievements. We should make both vertical and lateral comparisons and strengthen the sense of crisis and the sense of urgency. We should try every possible means to speed up the development speed so long as there are good economic results and good markets, be sure to be bold and cautious, and make a stable stride.

Zhao Zhihao pointed out: To deepen the enterprise reform, this year, we should continuously carry out the regulation on changing the managerial mechanism of state-owned large and medium industrial enterprises and the method for implementation of the regulation, continue to persist in and perfect the contract system, and carry out the system of separating profits from taxes and the shareholding system. This year, about 25 percent of the state-owned enterprises in the province should change themselves into ones carrying out shareholding system. Simultaneously, the collective enterprises and town and township enterprises should comprehensively carry out the shareholding cooperation system and [words indistinct].

Zhao Zhihao stressed: We should be determined, go into action, and resolutely win a victory in promoting enterprises' technological progress. So, we should put technological transformation in the first place. All trades and professions should try every possible means to increase input. We should introduce the warmth of development zones and real estate industry to enterprises to conduct technological transformation. The warmer the better. The faster the better.

Zhao Zhihao urged that the industrial, communications, financial, and trade departments should conscientiously

achieve the aid-agriculture work, regard the aid-agriculture work and the development of the rural economy as the most important matter, and attend to it. He urged that all levels should conscientiously strengthen leadership and enhance the ability in developing the market economy.

Video Parlors Attract 'More Viewers' in Shanghai

HK1902051093 Beijing CHINA DAILY in English
19 Feb 93 p 4

[By staff reporter Xie Jinjin: "Video Parlours Holding Their Own in Shanghai"]

[Text] Shanghai's 466 video parlours have attracted more and more viewers in the past few years, especially compared with the slump in the cinema industry.

Last year 39 million people went to see videos in the parlours, says Hu Yunchou, chief of the administrative Shanghai Audio and Video Section.

The video parlours usually get their tapes from the Xinhua Book Store, the Audio and Video Company, the Audio and Video Publishing House and the Shanghai Film Distribution Company. They can also buy from 129 special stores and rent from more than 200 shops.

Most of the parlours have updated projection facilities, providing soft seats and serving drinks. Admissions are between 1 and 2.5 yuan (\$0.19 to 0.46), depending on the picture and the type of parlour. The annual income of an average business is 1.05 million yuan (\$190,000).

"About 95 percent of the programmes played in these video parlours are imported, mainly from Hong Kong, Taiwan and the United States," Hu said.

"Domestic productions can hardly compete with them."

Last year, his section began to impose extra charges to subsidize the production of domestic programmes. It can raise 2 to 3 million yuan (\$370,000 to \$550,000) each year for this fund.

To promote domestic production, the section also commends and rewards those video rooms that run at least 25 home-made programmes in every 100 showings.

"We also try our best to help them improve their service. We run classes to train technical personnel," Hu said.

He said the number of video parlours will be limited to around 500 so as to guarantee the quality.

Supplying the coastal city's booming video and audio market are the 22 publishing houses, which produce 120,000 programmes annually, which accounts for one fifth of the video tapes and one sixth of the audio tapes on the market in the area. Shanghai is second only to Beijing in China's tape business.

The publishing houses range from specialists like the China Disc Company's Shanghai branch, which concentrates on classical music, to the wide-range Shanghai Audio and Video Company.

Hu Yunchou outlines the scope of the latter—popular songs, nursery rhymes, traditional operas, and even an encyclopedia of hundreds of artists. The company has just finished an album of Buddhist music.

He says education programmes from the Audio-Video Publishing House, under Shanghai Foreign Studies University, and children's TV dramas from the Children's Audio and Video Publishing House, also add to the variety of the domestic programs.

The Shanghai International TV Festival provides "a good chance for television stations and publishing houses to exchange programs with foreign counterparts," he said.

"And before the fourth festival, their import quota has been doubled to 200."

About 80 percent of the imported programmes are from Hong Kong and Taiwan. They range from romance and kungfu to people's daily lives, with complicated plots.

Usually such a programme can earn 200,000 to 300,000 yuan (\$46,300 to 55,555) with the distribution of 4,000 copies.

"But China's market is not mature enough," says Xu Nengxue, manager of the Shanghai Audio and Video Company. The low prices China offers do not appeal to foreign businessmen.

"Only the size of China's market lures them into business," he said.

One problem is the rampant illegal market. A large quantity of low-priced (one tenth of the normal) counterfeit video tapes and smuggled CDs seriously influence the market. "We have to take strong measures to control the illegal influx," Hu Yunchou said.

Meeting Proposes Zhejiang Reform Enterprises

OW1902085293 Hangzhou Zhejiang People's Radio Network in Mandarin 1030 GMT 17 Feb 93

[By station reporter Jin Shaohua; from the "Provincial News Hookup" program]

[Text] A provincial work meeting on economic restructuring today proposed that Zhejiang Province implement a series of reform measures in 1993 to ensure that there will be major breakthroughs in transforming the operation mechanisms of 1,000 state-owned industrial enterprises in the province, or one fourth of the province's total. Specific objectives of the reform measures are as follows:

Concerning the transformation of operation mechanisms in state-owned industrial enterprises, existing

enterprises will be reorganized into limited liability companies or incorporated companies. It is essential to attract foreign investments and transform relevant enterprises into joint ventures, attract funds from outside the province to form jointly operated companies, implement an asset contracting system, entrust the management of assets to others, establish leased operations, conduct mergers, and auction assets of bankrupt parties.

Concerning the building of market systems, it is essential to focus on markets for production materials, accelerate efforts to cultivate major market elements, promote development of a single open-market system, and embark on efforts to build about 10 large-scale, provincial-level specialized markets for production materials such as metals, petrochemicals, coal, petroleum, construction materials, logs, grain, and automobiles.

Concerning the transformation of government functions, it is essential to reform county-level organizations first, combine efforts from upper and lower levels, and actively promote transformation of government functions and organizational reform.

Concerning social insurance, it is essential to popularize the unified social insurance management method of Wenzhou and accelerate our efforts to improve the social security system.

Concerning the engagement of the agricultural sector and peasants in market competition, we should focus on constructing the socialized agricultural service system and actively promote the shareholding cooperative system in rural areas.

The provincial economic restructuring commission also underscored the main objectives listed above for reform this year and proposed eight relevant economic restructuring tasks.

Central-South Region

Hubei Party Chief Speaks on Wuhan Development

HK1802064693 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 11 Feb 93

[Excerpts] The new year has barely started and already the provincial party committee and government have accelerated economic development in the province by focusing on the dragon head.

On 9 February, the provincial party committee and government devoted an entire day to an on-the-spot meeting in Wuhan where they listened to reports, resolved problems, and mapped out plans in line with the principal theme of providing further support to Wuhan's attempt to ease restrictions and speed up the pace of reform, opening up, and economic construction in order to promote growth in the entire province.

The meeting was presided over by provincial party Secretary Guan Guangfu; attending the meeting were: provincial party Deputy Secretaries Jia Zhijie, Hui Liangyu, Qian Yunlu, and Zhong Shuqiao; members of the provincial party committee standing committee Li Daqiang, Wang Zhongnong, and Liu Guoyu; as well as persons in charge of the provincial advisory commission, people's congress, government, and Chinese People's Political Consultative Conference [CPPCC] committee including Chen Ming, Shen Yinruo, Wang Hanzhang, Zhang Huainian, Han Manghong, and Wang Hongshu. Also present were leading comrades of the Wuhan city party committee, people's congress, government, and CPPCC committee. [passage omitted]

On behalf of the Wuhan city party committee and government, Qian Yunlu, provincial party deputy secretary and Wuhan city party secretary, reported on the economic situation and principal work of Wuhan city in 1992, its objectives for the future, work ideas, and main measures to be undertaken. [passage omitted]

Zhao Baojiang, Wuhan City party deputy secretary and mayor, reported on some specific problems in which the assistance of the provincial party committee and government is sought.

The meeting maintained: Last year, the Wuhan party committee and government led the city's cadres and people in emancipating the mind and changing their thinking, transforming concepts and taking advantage of opportunities, uniting together to advance forward and doing a solid job. As a result, as in the entire country and the entire province, reform and opening up entered a new stage of development. The rate of economic development rose visibly, with the gross national product of the entire city increasing by 12.5 percent, making Wuhan sixth among the 50 cities with the strongest comprehensive force. [passage omitted]

Secretary Guan Guangfu delivered an important speech where he emphatically pointed out: Over the past six years, the provincial party committee and government have strengthened their leadership over Wuhan in a probing manner, and at the same time, they have given the comrades of Wuhan a free hand in running the city. Holding an on-the-spot meeting is a good method which should be turned into a system. On the direction of work in Wuhan, it is necessary to overcome the tendency to make vague generalizations and, guided by the spirit of important ideas under the new situation, enable comrades of Wuhan City to have a free hand to carry out modernization without having to look over their shoulders.

He pointed out: The development ideas formulated at the 11th Wuhan party conference did not come easily. The problem now is to seize them firmly, emancipate the mind, seek truth from facts, unite together to surge forward, do a solid job, and carry on work revolving

around project 43251 [4—steel, commercial, science-technology, and automobile city; 3—Donghu new technology development zone, Wuhan economic-technological development zone, and Yangluo economic-technological development zone; 2—developed transportation and circulation systems; 5—economic, trade, banking, transportation, and scientific-education center in central China; 1—making Wuhan an open, multifunctional, modern international city]. He stressed: If Wuhan is to accelerate its development, it must apply well practical experiences drawn from cities undergoing experimental comprehensive reforms by daring to carry out experiments, daring to be innovative, moving on without hesitation, smashing old conventions, and boldly engaging in experiments and innovations. It is necessary to probe for new ways through practice and genuinely put into place the emancipation of the mind and seeking truth from facts.

Guan Guangfu stressed: In accelerating growth, Wuhan should select talents by not sticking merely to one pattern. From the city level to the various departmental and commission levels and even down to the grass roots level, it is necessary to give a free hand in selecting young cadres who boast of excellent political qualities, strong work capabilities, and innovative spirit.

Finally, he expressed sincere hope that Wuhan will strive to achieve first-rate work in the province.

Jia Zhijie, the provincial party deputy secretary who came to work in Hubei just after the Spring Festival, visited the development zones, markets, and some permanent infrastructure facilities upon arriving in Wuhan.

In his speech, he said: Wuhan enjoys an excellent foundation and conditions for development, and also has great opportunities for growth at the moment, thus making it possible to speed up growth. By taking advantage of opportunities and doing a solid job, it is entirely possible to achieve development strategy 43251 as outlined by Wuhan. [passage omitted]

Southwest Region

Propaganda Official Discusses Tibet Issue

OW1302115493 Beijing BEIJING REVIEW in English
No 5, 1-7 Feb 93 pp 17-20

[Interview with Li Yan by staff reporter Lin Liangqi; place and date not given: "Who Has Invaded Tibet?"—third instalment of interview]

[Text] Question: Some Westerners say "Tibet is under foreign occupation." Could you please tell me the truth?

Answer: During recent years, certain Westerners who claim to be "opposing aggression" have called for public concern about the invasion of Tibet" at some international conferences. Who has invaded Tibet? This is well documented in Chinese and Western historical materials.

The 1840 Opium War marked the beginning of Western colonialist aggression against China. According to Western historical records, Britain dispatched people into Tibet in an attempt to incorporate the region in its trade sphere both before and after the war. This, however, was opposed by the local Tibetan government. In 1847 the British representative in China proposed the redelineation of the border between Tibet and the British colonies to the viceroy of Guangdong and Guangxi. This was also rejected by the Qing government.

In 1876 the British used gunboats to force the Qing government to sign an unequal treaty, the Chefoo Convention. A special article concerning Tibet granted Britain the right to send scouts to explore land routes there. But the British plot did not materialize because of the Tibetan people's unyielding opposition. Later, the British demanded that the Qing government open Tibet's border with India to trade. The Tibetan Gaxag government and the three major monasteries told the Qing high commissioner stationed in Tibet that the British had annexed India and other countries under the pretext of trade. The Tibetan people stood in unyielding opposition to any foreign aggression. "When monks and lay men alike, die, the women will rise to resist." Under these circumstances, the British government decided not to send people into Tibet, a decision which stood until 1886, when Great Britain and the Qing government signed the Sino-British Convention Relating to Burma.

Unreconciled to the failure, the British colonialists decided to resort to force. A road was built in 1886 from Sikkim to Tibet as a means of ingress. Unable to stop the British endeavor, the Tibetan Gaxag government constructed a big blockhouse on Mt. Lungdo for self-defense.

The British finally launched two attacks on Mt. Lungdo in February 1888. The Tibetan defenders fought heroically, killing some 100 invaders. The British rushed reinforcements to the site, inundating the blockhouse with heavy gun fire. They eventually captured Mt. Lungdo and other places. Following this victory, the invading British troops seized Yadong, Ralung and other border passes. In 1890 they forced the emaciated Qing government to conclude the Anglo-Chinese Convention Relating to Sikkim and Tibet. The British thus occupied Mt. Lungdo and other places and forced China to establish a trade mart at Yadong.

In the early 20th century, British colonialists intensified their aggression against Tibet. In 1903 the British Indian government sent a report to the British government which expressed the desire that a British delegation be sent to Lhasa without seeking permission from the Chinese government and without obtaining a Chinese visa. Once this plan was approved, it would have to be implemented in spite of protests. To cope with possible resistance, the report proposed armed escorts for the delegation. In his reply to the viceroy of British India, Lord Hamilton made it clear that once the decision was made to launch an armed intervention in Tibet, the

establishment of a protectorate or permanent occupation would be unavoidable. However, Hamilton told the viceroy of British India that this issue involved the status of a part of the Chinese empire and should be viewed from an international angle. He went on to say that the British government felt the time was not ripe for such action because it might endanger Tibetan affairs.

Nonetheless, on the excuse of negotiating "the redelineation of borders," the British sent Francis Younghusband and J. MacDonald to Tibet as the head of an invading army of 10,000 in the winter of 1903. This enraged the Tibetan people, and the local Tibetan government immediately issued a conscription order.

Tibetan soldiers and civilians, armed with nothing more than home-made guns and swords, fought heroically with the well armed invaders. A field reporter accompanying the invading British troops wrote that in dealing with the Tibetans, one had to take into consideration things which were not anticipated. They would attempt to do what was seemingly impossible. A few dozen people would attack enemies superior enough numerically to make them despairingly mad, and they would fight on until their last drop of blood was shed. A small handful of conscripted peasants would fight and die to defend a village, as heroic as patriots in ancient Rome. A British officer later noted that although their bullets fell short and the British gunfire inflicted heavy losses, they held their positions bravely, firing at the British battery positions shot by shot.

The resistance put up by the Tibetan people forced the invaders to play tricks. While entering into peace talks with the Tibetans, the British sent mounted troops and foot soldiers to launch surprise attacks. In a bloody battle pitting swords against modern equipment, some 1,500 Tibetans were slaughtered. That British field reporter wrote that some Tibetans tried to flee on donkeys and horses, but at least 700 were killed. It was no longer a fight. It was merely a massacre of the weak.

The invading British troops not only ruthlessly slaughtered Tibetan soldiers and civilians, they wantonly looted cultural relics. In his book recording the events of the battle, MacDonald admitted that he and another British general had collected so many cultural relics it took more than 400 donkeys to transport them all. These relics included rare books, statues of Buddha and other religious works, suits of armor, weapons and ceramics. Many ceramics were damaged beyond repair in transit.

When the invading British troops took Lhasa 14 months later, Younghusband suggested the British government make Tibet a "vassal state" and forced the representatives of the three major monasteries and the Gaxag government of Tibet to sign the British dictated Treaty of Lhasa. The unequal treaty demanded the Tibetan local government raze all forts and fortifications, pay a war indemnity, accept continued British occupation and give no rights to any foreign power in Tibet. The Qing government rejected the treaty categorically.

This segment of history recorded in Western sources for the last 100 years suffices to show it was none other than Western colonialists and imperialists who invaded Tibet, hurting the feelings of the Chinese people, Tibetans included. Today, even though some people in the West are calling public attention to the "invasion of Tibet," they refrain from condemning the Western powers' invasion of Tibet. People can not help but doubt their knowledge of the truth and their sincerity in "opposing aggression."

Q: It has been reported the 14th Dalai Lama said "China launched an armed invasion of Tibet in 1949."

A. When the 14th Dalai Lama said this, he had forgotten the pain he had suffered in previous years.

China was once rent with imperialist aggression, which also caused the Dalai Lama to suffer a lot. A British document recorded that in 1901, when the viceroy of British India wrote to the 13th Dalai Lama for direct representation, the 13th Dalai Lama refused and declared that he would not maintain correspondence with any foreign government without consulting the high commissioner stationed in Tibet by the Qing government. The patriotic stance of the 13th Dalai Lama sent the British into a rage.

In his letter to the viceroy of British India in 1903, Hamilton said: Your proposal to send an armed delegation to Lhasa, resort to armed force whenever necessary and station resident officials there should undoubtedly be upheld. The Tibetan authorities sent back your letters on three occasions ... so it was legal for you to answer them as you did.

In the winter of 1903 the British made inroads into Tibet and seized Lhasa the following year. The 13th Dalai Lama fled to the interior. Taking advantage of this, the British pressed forward and moved into Xigaze, taking the Bainqen Erdeni under duress to India in a vain attempt to rule Tibet through him. As the Bainqen Erdeni was loyal to the motherland and returned to Tibet before long, the British imperialist plot fizzled out.

Following the failure of direct armed invasion, the British imperialists tried to cultivate pro-British separatists among the upper echelon of the Tibetan ruling class. In 1919 the 13th Dalai Lama said, "I swear to be loyal to our own country and jointly work for the happiness of the five races." Angered by the Dalai Lama's declaration, the British imperialists stood behind Carong and other pro-British elements who were plotting a coup. Seeing through this plot, the 13th Dalai Lama dismissed Carong and his men.

In 1947 the 14th Dalai Lama was still too young to assume power. The British incited the pro-British regent Dagzhag to exclude patriotic monks and lay people and murdered the patriotic Living Buddha Razheng, the ex-regent, under a fabricated charge. In the meantime, the father of the 14th Dalai Lama was poisoned.

Because of this experience, the 14th Dalai Lama supported the patriotic forces in the Tibetan ruling class, who forced the Regent Dagzhag to step down. He took over power ahead of schedule in the early 1950s, after the Chinese People's Liberation Army had driven the imperialist forces out of China and unified the whole mainland. After coming to power, the Dalai Lama said in a letter to the central government that he had "decided to seek peace to satisfy the peoples' desires." He sent delegates to Beijing to negotiate the peaceful liberation of Tibet. After the delegates of the central people's government and the local government of Tibet signed the 17-article Agreement on Measures for the Peaceful Liberation of Tibet on May 23, 1951, the Dalai Lama called a meeting of monks and lay officials and representatives of the three major monasteries to discuss acceptance of the agreement. The Dalai Lama stood by the majority and personally sent a telegram to Mao Zedong, then chairman of the central government, which read in part, "The Tibetan local government as well as the ecclesiastics and the laity unanimously support this agreement, and under the leadership of Chairman Mao and the central people's government, will actively support the People's Liberation Army in Tibet to consolidate national defense, drive out imperialist influences from Tibet and safeguard the unification of the territory and the sovereignty of the motherland." On October 26 of the same year, the People's Liberation Army marched into Lhasa, receiving a warm welcome from local officials and people.

It should be noted that the Dalai Lama moved with, instead of against, historical currents and contributed to the efforts of the People's Liberation Army to drive imperialist forces out of China and unify the whole mainland. Recalling those historic days five years later, the 14th Dalai Lama said, "In 1951 I sent delegates to Beijing for talks with the central people's government and, on the basis of unity and fraternity, they signed the Agreement of the Central People's Government and the Local Government of Tibet on Measures for Peaceful Liberation of Tibet. Beginning then, the Tibetan people were rid of the yoke of imperialist enslavement forever and returned to the big family of the motherland. Like other fraternal nationalities and peoples in the country, the Tibetan people enjoy full rights to national equality and have begun to embark onto a bright road to freedom and happiness."

What the Dalai Lama said some 30 years ago is still fresh in people's minds. However, the Dalai Lama later negated his own experience and acted in total disregard of historical facts. In doing so, he has forgotten or is trying to avoid history. Such mean action does not conform with his position as a Buddhist leader.

Receptions for Returned Tibetans, Foreign Experts

OW1902083093 Beijing XINHUA in English
0807 GMT 19 Feb 93

[Text] Lhasa, February 19 (XINHUA)—A number of receptions have been held here to entertain Tibetans who

have returned from abroad and foreign experts who are working in the Tibet Autonomous Region to greet the Tibetan Lunar New Year.

One participant, Samdan Wangjam, who returned from Switzerland in 1988, is a recently-elected deputy to the autonomous regional people's congress. He said at a reception: "I have returned to Lhasa because I missed my home town. Now it is a big pleasure for me to contribute to the construction of my home town."

Samdan Wangjam runs a school specially to teach English in Lhasa. Over the past two years, dozens of Tibetan young people have graduated from the school.

Samdan Wangjam is only one of more than 1,700 Tibetans who have returned from abroad to settle down in the autonomous region over the past ten years. Over the same period, more than 12,000 Tibetan natives residing abroad have come back on visits.

Another returned Tibetan, Zhaxi Wangdiu, said: "I am very glad to see the great changes in Tibet thanks to the favorable policies the central government has issued for my home town."

To greet the Tibetan Lunar Year of the "Water Rooster", which begins on February 22, the autonomous regional government has also held receptions to express thanks to foreign experts working in Tibet for contributing to economic construction in the autonomous region.

North Region

Beijing Decides To Open Wider Internationally

OW1902115693 Beijing XINHUA in English
1118 GMT 19 Feb 93

[Text] Beijing, February 19 (XINHUA)—The Beijing Municipal Government has decided to adopt more flexible measures to further open to the outside world.

Beijing's Government is to encourage foreign investment in finance, communications, information services, processing of farm products and non-staple foods, new and high technology industries, urban infrastructural projects and renovation of old city areas.

Beijing will also send groups of municipal officials to the Republic of Korea, Singapore, North America and Europe to attract foreign investment this year.

The city will also encourage more Beijing enterprises to run overseas ventures.

Beijing is also to improve the investment environment. The municipal government is speeding up the formulation of regulations on transfers of land use rights, real estate markets, and land development in Beijing.

Wang Baosen, Beijing's vice mayor, said the city is to utilize more overseas loans for production-oriented projects and urban infrastructural projects. At the same

time, Beijing is to introduce more advanced foreign technology and equipment and expand cooperation and exchanges in providing more contracted labor services overseas.

Statistics show that by the end of January this year, Beijing had approved 3,980 foreign-funded ventures, with about 4.52 billion U.S. dollars in foreign investment.

Beijing To Boost Shareholding System Development

OW1802111993 Beijing XINHUA in English
0653 GMT 18 Feb 93

[Text] Beijing, February 18 (XINHUA)—Beijing will speed up the building of a shareholding system among its enterprises, said Executive Deputy Mayor Wang Baosen here on Wednesday [17 February].

His remarks made at a municipal meeting were supported by Li Junhua, deputy director of the city government's commission for restructuring the economy, who said a shareholding system will promote the transfer of management and operation mechanism of state-owned enterprises.

Beijing now has 26 shareholding enterprises, three of which are approved to issue public stocks and will be listed on stock exchanges this year.

The Tianqiao Department Store Ltd, set up in 1984, is Beijing's first shareholding enterprise.

The Beijing Tianlong Company Ltd, one of Beijing's three public shareholding enterprises, has increased its total assets from 15 million yuan to 230 million yuan in the past six years. It netted profits totalling 98.9 million yuan since its establishment in 1986.

Li Junhua said this year Beijing will chose 200 large-sized and efficient enterprises to become employee-shareholding enterprises. They will later be allowed to become public shareholding enterprises if they qualify.

Beijing Investments Focus on Urban Infrastructure

OW1802111793 Beijing XINHUA in English
0702 GMT 18 Feb 93

[Text] Beijing, February 18 (XINHUA)—Beijing's investment in fixed assets this year will be focused on urban infrastructure, science and technology, education, water conservancy and commercial installations.

Wang Baosen, deputy mayor of the Chinese capital, announced the plan during an ongoing municipal economic working conference.

He said that Beijing plans to put 22.5 billion yuan of investment in fixed assets this year, 2.5 billion yuan more than last year.

The investment in urban infrastructure projects will be given priority. Beijing will improve the installations on the second ring road and speed up the construction of the third ring road, plan the building of the fourth ring road and begin the construction of the Fuxingmen-Bawangfen Subway and Beijing West Railway Station.

The expressway linking the city proper to the airport and the fourth-phase construction of the Beijing-Shijiazhuang Expressway will be completed within this year.

Beijing is also to speed up the construction of the power station at the Ming Tombs Reservoir and the Gaobeidian Power Station. It will spur the renovation of the No.1 and No.3 power stations and a number of currently operating installations and transformer stations.

Beijing is also to build a second gas pipeline linking it with the Huabei Oilfield and some other gas-supply projects.

Central heating is another major project for the city this year.

Apart from the renovation of a number of large commercial installations in the downtown areas, Beijing will set up commercial installations along Chaowai, Guangnei and Chongwenmenwai Streets.

During the same period, Beijing will complete the renovation of 13 old city areas and start the rebuilding of an additional eight old city neighborhoods.

Tianjin Zone Attracts Foreign Investments

SK1902063293 Tianjin People's Radio in Mandarin
2300 GMT 18 Feb 93

[Text] On 18 February, at the Sheraton Hotel, the responsible person of the Tianjin Economic and Technological Development Zone Management Committee introduced to our reporters the zone's situation on attracting foreign investment in 1993. The development zone designated 1993 as the year to attract foreign investment. In 1993, the zone plans to attract \$700 million in foreign funds. During the past one and half months of this year, the zone has approved more than 100 joint ventures involving foreign investment, with the total amount of contracted investment reaching \$130 million. Thus far, there are more than 900 joint ventures involving foreign investment at the zone, with the total investment volume reaching \$1.4 billion. To attain the goals of this year, the zone is, on the one hand, utilizing all kinds of media to propagate the zone's situation to the outside world and to the domestic places other than Tianjin, and is prepared to, on the other hand, set up agencies and network at various major places at home and abroad to attract foreign investment and sponsor some large-scale activities to attract foreign investment. In addition to the Tianjin-ROK Industrial Area whose

construction has already started, the Tianjin Development Zone also plans to build a German Industrial Experimental Garden this year.

Northeast Region

Heilongjiang Combines Functions of Two Offices

SK1802145093 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 17 Feb 93

[Excerpt] The office for handling people's letters and visits of the provincial discipline inspection commission and the crime report center of the provincial administrative supervision department recently issued a notice:

In line with decision of the provincial party committee, the provincial discipline inspection commission and supervision department have decided to handle official business jointly. The former office for handling appeals of the provincial discipline inspection commission and the office for handling people's letters and visits of the provincial supervision department have been combined and renamed the office for handling people's letters and visits of the provincial discipline inspection commission. The crime report center of the provincial supervision department has been retained.

The office for handling people's letters and visits of the provincial Discipline Inspection Commission began to handle official business on 15 February. [passage omitted]

Heilongjiang Meeting on Discipline, Supervision

SK1902035893 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 18 Feb 93

[Text] The provincial conference of party committee secretaries of city and prefectural discipline inspection commissions, directors of supervision bureaus, chiefs of provincial-level discipline inspection groups and directors of provincial-level supervision offices ended on 18 February. It was proposed at the conference that this year we should give priority to fighting corruption and grasping the work of supervising and inspecting the implementation of the party's line, principles and policies as well as the state laws and regulations and the self-development of discipline inspection departments.

This conference was the first provincial conference held after the combination of official work of the provincial discipline inspection commission and the supervision department. The conference relayed the guidelines of the conference of discipline inspection commission secretaries and supervision department directors, which was jointly held by the central Discipline Inspection Commission and the Ministry of Supervision and stressed the study of the major points of work of the provincial discipline inspection commission and supervision department to be implemented in 1993.

(Li Xinmin), deputy secretary of the provincial discipline inspection commission, presided over the conference held on the morning of 18 February. Wang Haiyan, member of the provincial party committee standing committee and secretary of the provincial discipline inspection commission, gave a speech at the conference on how to firmly grasp the discipline inspection and supervision work. He said: To grasp this work, we must make breakthroughs in major issues. First, we should deeply struggle against corruption. On the one hand, we should conscientiously investigate and handle the serious cases on law and discipline breaches emerged in the leading organs and leading cadres, and in economic management, law-enforcement and supervision departments and their personnel who abuse their power to seek personal gain, and give severe punishment to corrupt elements. On the other hand, we should strengthen the building of party style and administrative honesty, overcome passive and corrupt phenomena, continue to adopt special screening and consolidation methods to solve issues which arouse people's strong complaints one after another, resolutely check bureaucracy, formalism, extravagance and waste, and unhealthy trends in cadres and personnel affairs, and strictly check the unhealthy trends in various trades such as making things difficult for enterprises and the masses or extorting money from them. We should give special attention to assessing leading cadres to see whether they are honest or not, and through this, handle in line with related organizational measures those who have many problems, and the people have complaints against them, but their offences do not deserve disciplinary sanction, readjust their posts or transfer them to other localities so as restrict their dishonest acts. Second, we should actively supervise and inspect the implementation of the party's line, principles and policies and the state laws and regulations. Third, we should strengthen the self-development of the discipline inspection contingents.

At the end of his speech, Wang Haiyan expressed the hope that leaders of the discipline inspection and supervision organs at all levels would take the lead in changing work style, and would establish an effective operational mechanism for supervising and handling cases, work creatively, and raise discipline inspection and supervision work to a new level.

Heilongjiang Meeting on Wealthy Counties

SK1902063193 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 18 Feb 93

[Text] The provincial two-day mobile on-the-spot meeting on the strategy of enabling rich counties to enter a higher economic development stage ahead of other places ended in Zhaodong city on 18 February. The meeting exchanged and examined the implementation of the documents of the provincial party committee and government on supporting counties and cities in Suihua Prefecture to enter a new economic development stage and to establish the socialist market economic system ahead of other localities, called on nine counties and

cities to break with conventions, be bold in conducting experiments, and accelerate the progress of implementing the provincial party committee's strategy on enabling rich counties to enter a higher economic development stage ahead of other places.

Provincial leaders Sun Weiben, Ma Guoliang, Wang Xianmin, and Sun Kuiwen, and some principal responsible persons of provincial-level relevant departments and bureaus, and party committee secretaries and chiefs of nine counties and cities including Zhaodong, Suihua and Hailin cities attended the meeting.

Sun Weiben, secretary of the provincial party committee, and Ma Guoliang, deputy secretary of the provincial party committee, also addressed the meeting.

The provincial party committee and the provincial government have issued some special policies for these nine counties and cities. One of the most important preconditions is to allow them to achieve some breakthroughs in certain aspects. They must proceed from reality while doing every thing, boldly experiment with and carry out all projects that are compatible with the three criteria favorable for developing the socialist productive forces, strengthening the comprehensive national strength of a socialist country and raising people's living standards. In the process of making rich counties and cities enter a higher stage of economic development, we may encounter many new situations and problems. To solve them, we must not always do as one is told and ask for instructions from higher-ups or follow ready-made regulations. We must make good and flexible use of the policies and power given by the provincial party committee and the provincial government in a daring, creative and original manner in an effort to promote the implementation of the strategy for making rich counties and cities enter a higher economic development stage ahead of other localities.

At the meeting, the provincial party committee and the provincial government and the principal responsible persons of nine cities and counties signed a letter of responsibility for attaining certain targets during their tenure of office.

Liaoning Governor Attends Structural Reform Forum

SK1902041293 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 18 Feb 93

[Text] At the provincial conference on structural reform, which concluded today, Governor Yue Qifeng emphasized the need for opening two financial sources, conducting the second pioneering work, and further deepening reform to promote Liaoning's economic development.

Yue Qifeng said: As an old industrial base, Liaoning has made tremendous contributions to socialist construction for many years. However, due to the influence of the planned economy for many years, many of our ideas are

incompatible with the new situation, resulting in the small compensation we gain despite great contribution, backward products, and poor efficiency. The current annual retention of profits of Liaoning's large and medium enterprises is merely 210 yuan per capita, which makes it difficult to carry out even simple reproduction. Therefore, we should adopt a policy under which water is provided for large and medium enterprises to breed fish and create wealth, help the enterprises accelerate technical transformation, adjust product mix, and increase their products' additional value attributed to new technology so that Liaoning can change the situation in which great contributions are made but only little profits are earned. This requires that we conduct the second pioneering work.

Speaking on cultivating two financial sources, Yue Qifeng said: An important reason for Liaoning's current financial difficulty is our unitary financial source, unitary form of ownership, and sole reliance on large and medium state enterprises which have lasted for many years.

He said: From now on, Liaoning should facilitate the development of the tertiary industry, township enterprises, and the nonstate sector of the economy and cultivate new economic growing points resulting in less investment, shorter period of construction, and higher output rate.

Yue Qifeng also put forward demands for strengthening the position of agriculture as the foundation, accelerating the transformation of the operating mechanism of large and medium state enterprises, and facilitating construction of the market system.

Liaoning's Shenyang Elects Mayor

SK1902041993 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 18 Feb 93

[Text] The first session of the 11th Shenyang city people's congress concluded today. Zhang Guoguang was elected chairman of the city people's congress standing committee, and Wu Disheng was elected mayor of Shenyang.

Northwest Region

Qinghai Holds Meeting on Banking Service

HK1802060693 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 11 Feb 93

[Text] In his speech at a provincial meeting of bank presidents and insurance company directors on the afternoon of 11 February, Vice Governor Liu Guanghe said: This year, the reform of the banking system must be further strengthened to match the joint-stock experiments. Choose some large and medium enterprises to issue stocks to the public, creating conditions for enterprises to directly utilize funds from society.

Comrade Liu Guanghe stressed: In keeping with the unified plans of the central authorities and in line with the province's actual conditions, financial departments in the province must make great efforts to open up the financial market, import and absorb funds from other provinces and abroad and idle and scattered funds from society, and open up multilevel and diversified fund-raising channels. It is necessary to vigorously develop the capital market that mainly raises funds directly.

Comrade Liu Guanghe urged: Financial departments at all levels must study the province's actual conditions and the needs of its economic development and develop various types of local financial organizations in a planned way. They must bring into full play the role of existing credit cooperatives in rural and pastoral areas and further expand their scope of business. On the basis of the joint operations of urban credit cooperatives, they can run urban credit cooperative banks on a trial basis. It is necessary to do away with the current financial pattern [words indistinct], promote the division of labor and the interactions of different business lines, and introduce free competition in the banking trade under the unified management of the People's Bank. In line with the need of production and development, enterprises with better economic returns can, upon approval, issue various kinds of development bonds to the public. [words indistinct] to directly run enterprises, invest in stocks, and develop banking and enterprise groups directly run by banks and enterprises [words indistinct].

This reporter also learned at the meeting that last year the province's financial situation was steady and credit demand was strong [words indistinct], that there was a 20.11 percent increase in deposits with banking institutions and units across the province, an increase of 1.755 billion yuan in various types of loans, and currency input totaling 70.8 billion yuan, that loans and currency input were kept within the planned scale, and that there was a 25.6 percent increase in insurance premium income.

Leading comrades, including provincial CPC Secretary Yin Kesheng, CPC Deputy Secretary Cai Zhulin, Governor Tian Chengping, and Vice Governor Wang Hanmin, participated in the meeting.

Xinjiang Secretary Attends Economic Conference

OW1902111293 Urumqi Xinjiang Television Network in Mandarin 1655 GMT 16 Feb 93

[By station reporters Yan Yajun and Wang Lei; from the "Xinjiang News" program]

[Text] An autonomous regional conference on economic work and economic restructuring was recently held in Urumqi. Leading cadres of the autonomous region—Tomur Dawamat, Jin Yunhui, Wang Lequan, Keyum Bawudun, and others—attended the meeting.

In his report to the meeting, Vice Chairman Wang Yousan said: Our region achieved a new breakthrough in opening our doors to the outside world in 1992. A series

of preferential policies were adopted to streamline administration, delegate power to the lower levels, and attract businessmen, funds, and trained personnel. We sponsored an exhibition of the achievements scored from implementation of the Spark Program and related trade fairs. Five border ports, three economic development zones, and three border areas for economic cooperation were newly established. As a result, opening up—in all directions, at various levels, and through various channels—has begun to take shape. Control over management, business operations, wages, etc. of 257 enterprises was relaxed at selective points and on a trial basis five times; and three experimental reforms of labor personnel, salary distribution, and social security were conducted within 603 enterprises throughout the region, producing preliminary results. Our region also began implementation of the share system, took a new step forward in construction of markets, and made new progress in carrying out reforms of the comprehensive system at the county level and of the social security, housing, planning, investment, financial affairs, taxation, and banking systems. Last year, our region reaped a bumper agricultural harvest for the 15th year in a row, enjoyed continued growth of industrial production, and achieved a certain extent of successes in various work.

Wang Yousan said: The main tasks of economic restructuring facing our region this year are transforming enterprises' operating mechanisms and government functions, encouraging enterprises to participate in market competition, paying close attention to implementation

of various adopted policies and measures, and providing a new motivating force for achieving rapid economic development. It is necessary for us to conscientiously do a good job of having 1,351 enterprises in the entire region renew their contract terms; promote those who are bold in carrying out reform, who have gone through the trials of the market, and who are good at management to the important posts of factory director, manager, etc. through various forms of competition and democratic recommendation; further accelerate reorganization of the structure of enterprises; expedite optimum disposition of assets; and vigorously promote reform of prices and the circulation system. We also must conscientiously do a good job of accelerating the transformation of government functions; create a favorable social environment for enterprises to participate in market competition; encourage development of the collective economy, the individual economy, and the private sector of the economy; and make vigorous efforts to promote reform of the social security system and the housing system.

Wang Yousan stressed the need to improve macroeconomic regulation: This year, there will be a big decrease in mandatory plans for production targets, and control over most prices will be relaxed. It is necessary for departments concerned to successfully conduct comprehensive analysis of various information, provide orientation for policy-making, and actively give free rein to their capability of macroeconomic regulation.

Commentary on Anti-Independence Demonstration

OW1202140393 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 8 Feb 93

["News commentary" by station commentator (Yi Jin): "10,000 People Demonstrate in Taipei Against Taiwan's Independence"; from the "News and Current Events" program]

[Text] According to a report by Taiwan's CNA, the United Patriotic Association and a dozen other mass organizations in Taiwan on 31 January organized a 10,000-strong demonstration in Taipei [Taipei], calling for unity of all people to oppose independence of Taiwan. The CNA report added: In the early evening, some 1,000 demonstrators gathered outside the Presidential Office, where they were confronted by 1,000 police surrounding the office building. Three fierce clashes took place between the two sides. At 1925, after a representative delivered an anti-independence petition to the relevant official inside the building, the demonstrators left.

The rise of forces advocating Taiwan's independence has to do with the Kuomintang's [KMT] tolerance. During last year's election campaign, pro-independence candidates hurriedly put up the banner of the Republic of Taiwan, and some KMT candidates immediately followed suit in calling for one China and one Taiwan. However, there were different opinions inside the KMT with regard to whether disciplinary action should be taken against party members openly advocating one China and one Taiwan. So far, no punishment has been meted out to the advocates of Taiwan's independence, who staged a (?farce) against one unified China on the street in Taipei on 4 October last year.

Brazen acts to split the national territory cannot be tolerated and will definitely be punished even in some so-called democratic countries in the West. Although the law of Taiwan stipulates in explicit terms the illegitimacy of Taiwan's independence, its advocates can still go their own way on the island [words indistinct]. The recent 10,000-strong demonstration against Taiwan's independence explains that the people on Taiwan do not tolerate some people's activity to split the motherland, and the 1.1 billion people on the mainland will not sit by idly and remain indifferent. Advocates of Taiwan's independence, which contravenes the national interests and historical trend, will ultimately be buried in the mighty torrent of motherland's reunification.

'Internationally Known Scholar' May Return

HK1702041893 Hong Kong SOUTH CHINA MORNING POST in English 17 Feb 93 p 10

[By Willy Wo-lap Lam]

[Text] Taiwan authorities are expected to "favourably consider" entry applications from philosopher Mr Chen Kuying, sources close to Taipei said yesterday.

Mr Chen, a visiting professor at Beijing University, has been barred from Taiwan since 1979, when he left under pressure from the security forces.

The question of how soon the internationally known scholar will be re-admitted has become a test of Taipei's commitment to political liberalisation.

While Mr Chen and several of his colleagues at National Taiwan University (NTU) were briefly detained in 1973 for publishing an avant-garde journal, *The Intellectual*, and for fomenting dissent at NTU, he has never been formally charged with serious offences such as "sedition".

On the 20th anniversary of the so-called NTU incident yesterday, Mr Chen lodged an appeal to Taipei to allow him to return to see his relatives.

The philosopher, who divides his time between Beijing and the West Coast of the United States, made the last of his 10-odd applications to re-enter Taiwan with Chung Hwa Travel Service in Hong Kong late last year.

The managing director of Chung Hwa, Mr John Ni, one of Taiwan's senior representatives in Hong Kong, said yesterday the authorities in Taiwan were still processing the application.

"Different government departments are studying the application," Mr Ni said. "We still need to harmonise the views of the various units."

However, he indicated that Taiwan society had become "more open" and that "sooner or late Chen would be re-admitted".

A Taiwan source said yesterday that the difficulty might lie in a regulation under Taiwan's Interior Ministry barring residents who had "surrendered themselves to the communists".

"Different departments and officials have dissimilar views on whether this regulation still applies to Chen", who became a visiting Professor at Beijing University in 1984, the source said.

"The majority of the officials are inclined to give Chen the benefit of the doubt, partly because he commutes regularly between Beijing and the U.S."

The source added there was "a good chance" Mr Chen might be allowed to return later this year.

Mr Chen said last night since he had never remained in China for longer than a year at a time, he should not be placed on any Taiwanese "red list" of communist sympathisers.

"I've never propounded Marxism," he said. "I am here for scholarly purposes."

The philosopher hinted that he had had disagreements with Beijing over the handling of the 1989 movement.

"The ban on communists is meaningless because close relatives of top communist leaders, as well as senior cadres in the military, have visited Taiwan," Mr Chen said.

Last year, Taipei dropped the ban on 270 exiled dissidents, but the proscription against those who fled to China has remained.

Taiwan Invests More in Mainland Than in U.S.

HK1302055893 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1240 GMT 5 Feb 93

["Special Article" by reporter Xu He (2485 0735): "In Taiwan Enterprises' Foreign Investments, the Mainland Surpasses the United States and Ranks First"]

[Text] Hong Kong, 5 Feb (ZHONGGUO TONGXUN SHE)—According to the 1992 statistics compiled by Taiwan's Economic Ministry, the China mainland accounted for 21.2 percent of Taiwan enterprises' foreign investment, which was the highest, even higher than that of the United States (18 percent) and Thailand (14.6 percent). Hong Kong accounted for 11.5 percent and ranked fourth, but most of the investment was reinvested in the mainland.

In addition, Taiwan's Economic Ministry made a survey of enterprises' foreign investment inclinations, and the findings showed that among Taiwan enterprises planning to make foreign investment in future, those who said that the mainland was their first chosen area being considered accounted for as high as 36.45 percent and was far ahead of the United States which ranked second, with 26.6 percent.

According to a report of FORBES (CAPITAL) [as published], the reason Taiwanese businessmen go to the mainland for investment is the same as why they previously invested in Southeast Asia. A number of labor-intensive manufacturing industries or those with low value-added products cannot develop in Taiwan because not only the profit rate is lower than the extent of appreciation of the Taiwan dollar, but the cost of land and manpower investment keeps going up. They are destined to be eliminated if they do not invest in foreign countries which are relatively cheap in land and manpower costs. However, if they invest in Malaysia and Thailand, they will encounter such problems as insufficient supply of labor, rising wages, and different languages and cultures, whereas no such problems exist in the mainland. Moreover, the mainland is a quite large market. Hence, it has become the place in which Taiwanese businessmen are most fond of investing.

At present, Taiwanese businessmen are most vigorously investing in such industries as foodstuff, textiles, iron and steel, rubber, electronics, and shoemaking. According to statistics compiled by Taiwan's Economic Ministry, by the end of 1991, more than 3,700 factory owners investing in the mainland had registered with the concerned authorities in Taiwan. A Economic Ministry

Investment Examination Commission official even pointed out that by the end of 1992, over 4,000 Taiwanese factory owners have invested in the mainland. However, China's Ministry of Foreign Economic Relations and Trade said that more than 4,000 Taiwanese businessmen have invested in the mainland; and Sun Xiaoyu, official of the mainland's Office of Taiwan Affairs, even claimed that the number exceeds 10,000. Neither sides' statistics may be absolutely accurate, but it is apparent that there is quite a wide gap. According to an analysis, Taiwan's statistics are incomplete because some Taiwanese businessmen, who directly invest in the mainland in the name of overseas branch companies, have not registered with the Taiwan authorities yet. Besides, a number of Taiwanese factory owners are afraid that registration may draw the attention of Taiwan's political and tax units and bring about aftereffects. And this is a factor which is even more important.

More Science, Technology Exchanges Expected

HK1902101093 Beijing ZHONGGUO XINWEN SHE in Chinese 0740 GMT 17 Feb 93

[By staff reporter Lu Junjun (7120 8823 8823) and correspondent Wang Xiaoqing (3769 1420 3237): "Cross-Strait Nongovernmental Science and Technology Exchanges on the Rise—Interviewing Liu Shu (0491 1859), executive secretary of the China Association for Science and Technology"]

[Text] Beijing, 17 Feb (ZHONGGUO XINWEN SHE)—"In the new year, the China Association for Science and Technology will continue to vigorously promote two-way nongovernmental exchanges in science and technology. Exchanges will help scientific and technological personnel on both sides of the strait understand each other and make up each other's deficiencies and help achieve the goal of enhancing scientific and technological development levels and promoting the economic development of the two sides of the strait." Liu Shu, executive secretary of the association, made these remarks when interviewed by these reporters a few days ago.

As the mainland's largest nongovernmental science and technology organization, the Association has 156 learned societies and is a member of 187 international science and technology organizations. In the last few years, it has dedicated itself to conducting various forms of exchange between scientists on both sides of the strait and opening up avenues of exchange and cooperation in science and technology and has set up the "Special Committee for the Promotion of Friendship Among Scientific and Technological Personnel on Both Sides of the Strait."

Reviewing the nongovernmental exchanges in science and technology in 1992, Liu Shu excitedly said: Last year breakthroughs were made in cross-strait two-way exchanges in science and technology.

She said: In the past, academic exchange between Taiwan and the mainland has always been a one-way affair. Taiwan scholars went to the mainland in tens of

thousands to attend meetings, go on scientific and technological fact-finding missions, sponsor exhibitions, and conduct various professional activities. However, very few mainland scholars went to Taiwan.

Liu Shu said: Thanks to the concerted efforts of the people in scientific and technological circles on both side of the strait, in 1992 the association organized 50 trips to attend exchange activities in Taiwan. "The China Dunhuang Ancient-Style Science and Technology Exhibition" opened in advance in Kaohsiung in February and will be open officially in Taipei from June to October. In addition to displaying large numbers of Dunhuang murals and the cream of ancient Chinese science and technology, the exhibition administration also attached importance to on-the-spot performances of ancient Chinese traditional crafts, thus causing a great sensation in Taiwan. Political figures and celebrities from all walks of life in Taiwan, including Li Denghui [Li Teng-hui], Hao Bocun [Hao Po-tsun], Zhang Xueliang [Chang Hsue-liang], and Jiang Weiguo [Chiang Wei-kuo], have visited the exhibition.

The exhibition administration has a staff of 41 scholars, experts, craft masters, and other working personnel. This is the largest mainland organization ever to visit Taiwan in terms of the number of personnel involved and the duration of stay.

Moreover, a delegation of nine senior experts from the China Society of Chinese Information and the China Society of Instruments and Meters went to Taiwan to attend a relevant cross-strait academic forum and lectures, thus achieving good results.

Liu Shu maintained: Extensive participation is a distinct feature of cross-strait nongovernmental exchanges in science and technology.

Last year, the exchange activities involved nearly 20 areas of endeavor, such as port management and construction, the aquatic products industry, prevention and control of prawn diseases and pests, earthquake engineering, information miniaturizing, plane design, electron microscopy, and abacus reckoning. The association received 29 fact-finding exchange delegations from Taiwan, involving nearly 500 people.

Cross-strait exchanges in science and technology started at a higher level. Liu Shu pointed out: Two-way exchanges started with the participation of scientific and technological celebrities at a higher level. Wu Ta-yu, president of Taiwan's "Sino Academia," visited the mainland last year on invitation. On returning to Taiwan, he expressed his appreciation of the development of science and technology on the mainland, thus producing wide repercussions among people in various circles on the island. The visit to Taiwan of association Vice Chairmen Wu Jieping and Zhang Cunhao and five other mainland celebrity scientists helped push the exchanges in science and technology between the two sides of the strait a further step forward.

She said: The exchanges between celebrity scientists on both sides of the strait will have not only a great impact on the two sides' scientific and technological development but also a positive role in promoting the whole cause of the peaceful reunification of the motherland.

The deepening of cross-strait academic exchanges has given an impetus to bilateral cooperation.

According to Liu Shu's briefing, at the cross-strait earthquake engineering exchange symposium, which was held in May last year, both sides concluded letters of intention on exchanging earthquake-forecasting information and carrying out cooperation in the quake-resisting standards for railroads, bridges, and roads and other related aspects. At the cross-strait forum on packaging technology, which was held in August last year, scholars from both sides of the strait concluded letters of intention on cooperation in technology, trade, and production.

Previewing the cross-strait nongovernmental exchange in science and technology this year, Liu Shu was full of confidence. She said: The association will dispatch some 100 experts in car engineering, packaging, abacus reckoning, electron microscopy, and other disciplines to attend exchange activities in Taiwan.

At present, the association is actively preparing to sponsor a cross-strait forum on women and science and technology and an exchange meeting of young scholars from the two sides of the strait.

Liu Shu said that she strongly wished to hold an exhibition in Taiwan on the mainland's major scientific research achievements in the aviation, space, nuclear, and other industries.

Progress in Telecommunications Across Strait

OW1502143893 Beijing XINHUA in English 1354
GMT 15 Feb 93

[Text] Beijing, February 15 (XINHUA)—There has been a steady improvement in post and telecommunication services between the Chinese Mainland and Taiwan.

A spokesman for the Taiwan-Hongkong-Macao Affairs Office of the Ministry of Posts and Telecommunications said today that in 1992 mail between the two sides totaled 24.11 million items. Meanwhile, there were 14.72 million telephone calls and 62,000 telegrams from the mainland to Taiwan.

There were discussions between both sides on the exchange of registered mail, the first direct talks in more than 40 years. There were visits to the mainland by Taiwanese telecom workers and some company representatives exploring the possibilities for technology cooperation.

However, the spokesman said, there are still problems yet to be solved. Some services urgently needed across the Taiwan Strait have not started. The negotiations on

registered letters had reached no agreements, mainly because of difficulties raised by the Taiwan side.

Vice Premier Zhu Meets Taiwan Business Group

OW1402140493 Beijing XINHUA Domestic Service in Chinese 1259 GMT 10 Feb 93

[Text] Beijing, 10 Feb (XINHUA)—Vice Premier Zhu Rongji met with a 27-member group from Taiwan's construction business at the Ziguangge Hall in Zhongnanhai today. The vice premier had a friendly talk with the group, which has been visiting the mainland to explore investment opportunities. Tang Shubei, executive vice chairman of the Association for Relations Across the Taiwan Strait, was present at the meeting.

Peaceful Reunification Council Meeting

OW1202135193 Beijing XINHUA Domestic Service in Chinese 0907 GMT 12 Feb 93

[By reporter Sun Chengbin (1327 2110 2430)]

[Text] Beijing, 12 February (XINHUA)—A three-day conference of the third board of directors of the China Council for Promoting Peaceful Reunification [CCPPR] closed in Beijing today. Wan Guoquan was elected as an additional president.

In his speech, Qian Weichang, CCPPR executive president, said: The great concepts of "one country, two systems" and "peaceful reunification" are important contents of the theory of building socialism with Chinese characteristics. I hope fellow directors will continue to make efforts to forge unity with all organizations and figures who support peaceful reunification, and vigorously push forward the great cause of peacefully reunifying the motherland. Qian Weichang said: At this juncture, the CCPPR should give further play to its role

as a nongovernmental organization to strengthen ties with various circles in Taiwan; vigorously propagate the concept of "one country, two systems"; promote two-way exchanges; and promote the direct exchange of mail, exchange of air and shipping services, and exchange through trade; and continue to make efforts to bring about the early accomplishment of the great cause of national reunification.

The CCPPR—formed on the concerted initiative of the eight democratic parties, the All-China Federation of Industry and Commerce, nonpartisan patriotic figures, and 13 national nongovernmental organizations—was inaugurated in September 1988. Based on the aim of allying itself with personalities of various circles inside and outside our territory; developing nongovernmental contacts between the two sides of the Taiwan Strait; and accelerating peaceful reunification, the CCPPR has established ties with 19 nongovernmental organizations in Taiwan and 13 overseas mass organizations since its founding. The CCPPR has also set up a bimonthly magazine, TONGYI LUNTAN [REUNIFICATION FORUM]; invited mainland and Taiwan experts and scholars to forums and seminars on issues such as cross-strait relations and cultural exchanges; and carried out numerous work aimed at pushing the peaceful reunification process forward.

The conference also elected three additional executive directors and seven additional directors. Wang Zhaoguo, director of the United Front Work Department of the CPC Central Committee and the Taiwan Affairs Office of the State Council, attended and addressed the conference while it was in session. Responsible persons from the Ministry of Culture, the Ministry of Civil Affairs, the Ministry of Foreign Economic Relations and Trade, the Association for Relations Across the Taiwan Strait, and other relevant departments, as well as 115 CCPPR directors attended the meeting.

Intellectual Property Rights Talks Set for 8 Mar
*OW1802120593 Taipei CNA in English 0740 GMT
18 Feb 93*

[Text] Taipei, Feb. 18 (CNA)—The consultation meeting on intellectual property rights (IPR) between Taiwan and the United States, which was previously scheduled for March 15 in Washington, D.C., will be advanced to March 8.

Economic Affairs Minister Hsiao Wan-chang said Wednesday [17 February] that the administration and the legislature of this country should reach a consensus on a position toward the issue before the meeting.

To prepare for the forthcoming negotiations, a supra-ministerial coordination meeting was slated to be held Feb. 23 to deal with such issues as the parallel import of genuine goods, retroactive protection of agromedical products, inspection of computer software exports, and the crackdown on illegal cable TV stations.

In exchanging views with Legislators Cheng Chien-jen, Pan Wei-kang, and Hsu Chung-hsiung on possible US trade retaliation against Taiwan over disputes on IPR protection, the minister expressed the hope that the new consultations would produce satisfactory results.

People here fear that the United States might put Taiwan on a list of "priority foreign countries" which could face trade sanctions.

The US International Intellectual Property Alliance last Friday accused Taiwan and six other countries of pirating copyrighted films, music, computer software, and books.

The alliance asked the Clinton administration to cite the seven nations as violators of US copyright laws and urged prompt action against two of them—Thailand and Taiwan—if they failed to correct shortcomings.

Taiwan was cited on the US list last April and then removed in June after the two countries reached an agreement on copyright protection.

The legislature ratified the copyright agreement in January, but shelved [as received] eight controversial articles of the pact.

U.S. Businesses Urged To Influence Super 301
*OW1802122893 Taipei CNA in English 0745 GMT
18 Feb 93*

[Text] Taipei, Feb. 18 (CNA)—Economics Minister Hsiao Wan-chang Wednesday [17 February] urged the United States not to launch trade retaliations against the Republic of China [ROC].

"Not only ROC but also American businessmen in Taiwan would suffer once the US applies clause 301 of its trade law," Hsiao said.

Addressing some 200 members of the American community in Taiwan with the theme of "the prospect for the ROC to become a regional operation center," Hsiao urged American businessmen here to "exercise their influence" on the US Government to handle the problem "in a more rational way."

He said that the ROC has been vigorously pushing ahead with the protection of intellectual property rights and is trying its best to press for quick passage of related laws and regulations.

"The nation's sincerity and determination (in protecting intellectual property rights) can not be doubted," he said.

Hsiao warned that long-time Sino-American friendship would also be harmed under US retaliation.

William Botwick, president of the American Chamber of Commerce in Taipei, said that his organization understood the efforts the ROC has made in the property rights issue.

He said that if necessary, he would consider sending a letter to US President Bill Clinton asking him not to retaliate against the ROC.

Minister Denies Plan To Limit Japanese Imports
*OW1802032293 Tokyo KYODO in English 1416 GMT
17 Feb 93*

[By Wang Huo-sheng]

[Text] Taipei, Feb. 17 KYODO—Economic Affairs Minister Vincent Siew [Hsiao Wan-chang] denied a report Wednesday [17 February] that Taiwan intends to restrict imports of Japanese consumer goods.

The vernacular COMMERCIAL TIMES reported Wednesday morning the Ministry of Economic Affairs is considering imposing administrative restrictions on such imports.

Siew told KYODO NEWS SERVICE that "up to the present, the ministry has no plans to limit imports of Japanese consumer goods."

However, he said Taipei is paying close attention to the Japanese imports. "The proportion of such imports in our trade deficit with Japan is rising."

Siew said he hopes the Japanese Government and private sector will understand that the trade imbalance is progressively worsening and requires attention and cooperation on the part of both countries.

Ministry data indicates consumer goods account for as much as 3 billion dollars of Taiwan's imports from Japan.

Last year, Taiwan suffered a 12.9 billion merchandise trade shortfall with Japan, 33 percent larger than 1991's deficit.

Siew acknowledged the results of efforts by Taiwan to ease the deficit had not been ideal. "The efforts of both sides are needed."

He indicated support for the plan of Koo Chen-fu, chairman of the Chinese National Association of Industry and Commerce, to ask Tokyo to agree to a five-year program aiming to slice Taiwan's trade deficit with Japan by 10 percent annually.

Koo is leading a delegation of over 100 business, official and academic representatives on a five-day visit to Tokyo and other major Japanese cities. The group will return to Taipei on Sunday.

Siew said although Koo's idea had not come from the ministry, it "very much hopes that his proposal receives serious consideration by the Japanese Government."

He recalled that "five years ago, when Taiwan's trade surplus with the U.S. reached a peak of 15 billion dollars, we perceived the gravity of this problem and drafted an action plan" to cut the deficit by 10 percent a year.

"We achieved this target," Siew said, adding Taiwan's merchandise trade surplus with the U.S. declined to 9.5 billion dollars in 1992.

"We can't expect that Japan can do this but it might be feasible to set a goal that we can both work together to achieve."

Siew said the ministry has no information regarding a report that Japan's minister of international trade and industry is planning to visit Taiwan.

However, he said, "We would welcome him. It would show concern for our trade relationship."

Fishermen Warned Not To Smuggle Immigrants

*OW1902112493 Taipei CNA in English 0810 GMT
19 Feb 93*

[Text] Kaohsiung, Southern Taiwan, Feb. 19 (CNA)—The Council of Agriculture Thursday [18 February] warned local fishermen not to involve in human smuggling, or face the most severe punishments. [sentence as received]

Any local fishing vessels found involved in such illegal practices will have their fishing licenses revoked, the council indicated.

The Government of the Republic of China [ROC] was first alarmed by a report several weeks ago that the US Coast Guard seized Taiwan cargo vessel "The Tung Mu" attempting to smuggle into the United States a shipload of illegal mainland immigrants.

Since then several Kaohsiung-based fishing boats were also caught off Taiwan trying to illegally bringing in mainland stowaways.

The Kaohsiung Fishermen's Association recommended that the government accelerate the pace of purchasing old fishing boats which were frequently used in human smuggling.

The available reports indicated that illegal mainland immigrants were packed like sardines aboard the old fishing boats that did not come up with proper water supplies and sanitary service, the association said.

Exposure of the smuggling reports, the association said, have tarnished Taiwan's international image.

Straits Group Seeks Renewal of Talks With PRC

*OW1902100093 Taipei CNA in English 0822 GMT
19 Feb 93*

[Text] Taipei, Feb. 19 (CNA)—The Straits Exchange Foundation (SEF) Thursday [18 February] urged a quick conclusion of agreements on document authentication and indirect delivery of registered documents across the Taiwan Strait.

SEF, which is entrusted by the government to handle cross-straits affairs, Thursday in a letter to its mainland counterpart, the Association for Relations Across the Taiwan Straits (ARATS) expressed the hope that talks on issues would be reopened soon.

Last SEF-ARATS talks in Hong Kong in last October failed to produce any concrete results on the two subjects because of differences between them on ways to define the principle of "one China".

Since then, SEF and ARATS have exchanged views through letters and the latter seemed to have softened its stand and agreed that free oral indication by the two sides on the definition of "one China" should be allowed in future talks, thus removing the barriers to concluding the two issues.

Police Suggest Mainland Repatriation by Air

*OW1802123893 Taipei CNA in English 0808 GMT
18 Feb 93*

[Text] Taipei, Feb. 18 (CNA)—The National Police Administration (NPA) has suggested that mainland stowaways be repatriated by air, rather than by sea in the future.

The administration said that as more and more mainland stowaways flood into the country, housing them has become a nagging problem, with all three detention centers in Taiwan suffering from overcrowding.

The current procedure to repatriate the mainlanders is time-consuming, the administration said. It also added that repatriation by air would not only relieve pressure to build more housing facilities for the detainees, but would also save time and money, and could be performed safely and independent of weather conditions.

The NPA made its recommendation to the Mainland Affairs Council and the Straits Exchange Foundation so that they might discuss the matter with their mainland counterparts.

Talks on Relations With ROK May Resume in Mar
*OW1902112093 Taipei CNA in English 0800 GMT
19 Feb 93*

[Text] Taipei, Feb. 19 (CNA)—The Ministry of Foreign Affairs Thursday [18 February] again urged South Korea to allow Overseas Chinese schools within its territory to raise the Republic of China [ROC] national flag.

The ministry repeated its call as the Overseas Chinese primary school in Seoul has decided to raise the ROC national flag Friday, the beginning day of the new academic year.

Ministry officials said the South Korean Government should respect the decision. If Korean authorities yield to Communist Chinese pressure and ban the Overseas Chinese school from flying the ROC national flag, the officials warned that the unfriendly move would certainly hinder the establishment of a new framework to handle Sino-Korean relations.

The ROC and South Korea suspended diplomatic ties last August after Seoul recognized Peking. In January, the Korean Government asked Overseas Chinese organizations and schools in its territory to lower the ROC national flag. The move has invited strong protests from both the Overseas Chinese community there and the ROC Government.

Meanwhile, reports from Seoul said top aides to South Korean President-elect Kim Yong-sam have suggested the resumption of negotiations on relations with the ROC as soon as Kim takes office.

The reports said newly-appointed Korean senior secretary to the president on diplomacy and security, Chong Chong-uk, has submitted to Kim an evaluation of Taipei-Seoul relations in which he suggested re-opening the negotiations in March. Chung also heads the foreign relations group of Kim's transition committee. Kim is scheduled to take office late this month.

Diplomatic sources here said when the new Korean administration takes over, negotiations on a new framework for bilateral relations will find a more receptive audience here compared to that of last September when the talks ended in deadlock.

Investment Guarantee Pact Signed With Malaysia
*OW1802121693 Taipei CNA in English 0750 GMT
18 Feb 93*

[Text] Taipei, Feb. 18 (CNA)—The Republic of China [ROC] and Malaysia signed Wednesday [17 February] an investment guarantee agreement at the industrial development and investment center of the Ministry of Economic Affairs in Taipei.

Huang Hsin-pi, representative of the Taipei Economic and Cultural Center in Malaysia, and Datuk Syed Mansor Barakbah, president of the Malaysian Friendship and Trade Center in Taipei, inked the agreement on behalf of the two governments.

The agreement has detailed provisions on capital flow, property rights and disputes settlement.

The ROC has signed similar agreements with Indonesia, Singapore, the Philippines, Uruguay and Paraguay.

Taiwan investments in Malaysia are in the area of US\$6 billion, second to Japan.

Loans to Philippines, Latin America Planned
*OW1702090393 Taipei CNA in English 0810 GMT
17 Feb 93*

[Text] Taipei, Feb. 17 (CNA)—The Management Committee of the Economics Ministry's International Economic Cooperation and Development Fund has decided to provide loans for the development of Subic Bay in the Philippines and the alloy steel industry in Central America.

The committee made the decision after consultations with the Ministries of Economic Affairs, Foreign Affairs, Transportation and Communications, Finance, the Council for Economic Planning and Development, and the Central Bank of China a committee official said.

The loans are for several independent projects:

- US\$20 million for the development of 100 hectares of land as an industrial zone in Subic Bay, formerly a US naval base.

- Loans to be jointly offered with the Central American Bank for Economic Integration to El Salvador, Guatemala, Nicaragua, and Honduras to help with economic development.

- A loan for the alloy steel industry in Paraguay.

- A grant of NT \$6 million [New Taiwan dollars] (US\$230,770) to finance the training of Filipino power workers and the dispatch of experts from Taiwan to help the Philippines resolve its power shortage problems.

First Indigenously-Made Frigate on Schedule
*OW1702090693 Taipei CNA in English 0806 GMT
17 Feb 93*

[Text] Taipei, Feb. 17 (CNA)—The first indigenously-manufactured frigate "Cheng Kung" will be delivered to the ROC [Republic of China] Navy on May 7 as scheduled.

The "Cheng Kung" is now undergoing the final stage of rust-proofing and arms installation at the Kaohsiung Shipyard of the state-run China Shipbuilding Corp. (CSBC).

The CSBC officials in charge of the warship's construction said the "Cheng Kung" performed remarkably in two tests it recently underwent at sea off Kaohsiung.

The officials noted that the "Cheng Kung" satisfied all necessary standards and requirements set for a high-speed missile frigate.

They further noted that the "Cheng Kung" has intensified efforts in getting an apron prepared in time for tests of its anti-submarine combat capabilities with helicopters bought from the United States.

The frigate is an improved model of the US Navy's high-speed missile frigate USS Perry and has double the US warship capability in anti-submarine combat.

In addition, the officials said, armed with the advanced missiles the United States is slated to sell to the ROC Navy, the "Cheng Kung" will be able to counter more effectively in missile or air attacks from any potential enemies.

The Navy has commissioned the CSBC to build a total of eight frigates similar to the "Cheng Kung." The second, the "Chen Ho" is also undergoing tests at the CSBC shipyard. The last frigate is scheduled to be delivered to the Navy in 1999.

1993 Economic Growth 'Might Go Up' 6.7 Percent

*OW1902112293 Taipei CNA in English 0754 GMT
19 Feb 93*

[Text] Taipei, Feb. 19 (CNA)—The domestic economy, which grew at an annual rate of slightly over 6 percent last year, might go up about 6.7 percent this year, the government's top statistical agency said Thursday.

The Directorate General of Budget, Accounting and Statistics (DGBAS) reported that the fourth quarter of 1992 saw a growth rate of 6.1 percent, slowing down the growth last year to a range between 6 percent and 6.1 percent.

With the gradual economic boom in the United States and the depreciation of the new Taiwan dollar against the US currency, the domestic economy is expected to rise about 6.7 percent, DGBAS officials said.

In its forecast made at the end of last year, the agency put the growth for 1992 and 1993 at 6.11 percent and 6.52 percent respectively.

The officials predicted that commodity prices would rise between 3.5 percent and 4 percent this year.

Economics Minister Hails Private Investments

*OW1902112193 Taipei CNA in English 0814 GMT
19 Feb 93*

[Text] Taipei, Feb. 19 (CNA)—Economics Minister Hsiao Wan-chang expressed his satisfaction over the drastic increase in private investments, saying the increase would assure a continued economic growth for the country.

Statistics show that private investments registered an annual increase of 14 percent last year.

Hsiao said that a marked increase of private investments means that manufacturers are regaining faith in domestic environment after years of comparison between here and overseas.

Hsiao attributed the phenomenon to government's efforts to improve domestic investment climate.

He said that in the past, manufacturers often complained about labor shortage, the sharp fluctuation of exchange rates, and the difficulty of acquiring land for factories. The government has worked hard to improve the situation, he added.

Hsiao said that his ministry plans to add a five-year tax exemption incentive to the Investment Law and ease restrictions on developing industrial zones, hoping the plans would further boost businessmen's confidence in making more investments.

A survey by the Directorate General of Budget, Accounting & Statistics indicates private investment will grow by 15 percent this year.

Economic officials said sustained private investments would help upgrade the industry and long-term economic development of the country.

Fiscal Year To Begin in January Vice July

*OW1902112893 Taipei CNA in English 0819 GMT
19 Feb 93*

[Text] Taipei, Feb. 19 (CNA)—The Executive Yuan Thursday [18 February] passed a draft revision to the budget law changing the dates of the fiscal year.

Under the new law, the government's fiscal year will begin in January instead of July and the annual budget proposal must be sent to the Legislative Yuan for screening by the beginning of September instead of the beginning of March.

The draft will soon be submitted to the legislature for approval. If approved, it will mark the first change in the budget law in 21 years.

The draft includes a provision authorizing the cabinet to prepare a budget proposal for the next year and a half in order to facilitate the transition from the old to the new fiscal system.

Also included in the draft is a clause giving the legislature more flexibility to increase the budget.

Hong Kong

RENMIN RIBAO Calls Recovery 'Sacred Duty'

HK1902094893 Hong Kong AFP in English 0912 GMT
19 Feb 93

[Text] Beijing, Feb 19 (AFP)—The recovery of Hong Kong was a "sacred duty" for China, which was no longer a "watermelon" for the west to slice at will, the People's Daily [RENMIN RIBAO] said Friday [19 February]. The communist party mouthpiece accused the Hong Kong authorities of trying to prevent reunification.

But it said recovery of Hong Kong was a "sacred duty, for it would wipe away the great insult engraved on the heart of the Chinese nation" which the British occupation represented. It said China was no longer able to be cut up by the West at will. "In the 19th century everyone wanted to taste a slice of the China watermelon," it added. But "the days of suffering and slavery of the Chinese people are over."

"The new socialist China stands like a giant," said the paper in an article setting out the history of the 'Hong Kong problem.' The author Qiao Huantian maintained that the authorities in Hong Kong were trying to prevent the colony's return to China. His article never mentioned Governor Chris Patten whose proposals for greater democracy for the territory before it is handed back to China in 1997 have infuriated Beijing. The British authorities in Hong Kong must withdraw their proposals, said the paper, echoing the frequently stated Chinese position.

(In Hong Kong a government official said the gazetting of Patten's proposals was being delayed in anticipation of Sino-British talks over the controversial blueprint.)

'Rumor' of Sino-UK Talks on Polls Dismissed

HK1902042493 Hong Kong WEN WEI PO in Chinese
19 Feb 93 p 2

[Report: "Zhang Junsheng Criticizes Chris Patten for Triggering Row Over Hong Kong's Political System, and Urges Him To Change to New Ways"]

[Text] When asked by reporters about the rumor that China and Britain would consult on the Legislative Council elections in 1995, Zhang Junsheng, deputy director of the Hong Kong Branch of the XINHUA news agency, who attended yesterday evening the 1993 Spring Festival banquet to mark the inauguration of the 21st Board of Directors of the Hong Kong Chinese Chamber of Exporters and Importers, said that he had not heard it. He said: The mechanism for Sino-British consultations has been undermined by Patten's policy speech. For China and Britain to hold consultations, Patten must abandon his constitutional package.

Zhang Junsheng said: "As far as the 1995 Legislative Council elections are concerned, because they involve

the issue of smooth transition, China and Britain should have held consultations on the matter. It is a pity that the mechanism for consultations has been undermined by the constitutional package in Mr. Patten's policy speech and that the principles concerning convergence have been violated by him, thus delaying a solution to the problem. It was he who triggered the row. Now, if any consultations are to be conducted, he must return to the original starting point. This is the reason the spokesman of the Ministry of Foreign Affairs said that Patten should abandon his constitutional package."

Local Exclusion From Talks 'Ridiculous'

HK1902034693 Hong Kong SOUTH CHINA
MORNING POST in English 19 Feb 93 p 7

[By Fanny Wong, Louis Ng, and Geoffrey Crothall in Beijing]

[Text] Hong Kong officials will participate in any Sino-British talks on the 1994-95 electoral arrangements, it was claimed yesterday, with the Secretary for Constitutional Affairs, Mr Michael Sze Cho-cheung, likely to be on the British negotiating team if discussions go ahead.

The Governor, Mr Chris Patten, dismissed speculation that Hong Kong would be excluded from talks and described as "ridiculous" rumours that he was not being consulted about the current diplomatic exchanges.

His spokesman, Mr Mike Hanson, said the Government was not in a position to make a statement on whether there would be talks.

But he added: "If there are to be talks, Hong Kong will be fully involved at every stage and this means direct participation."

Should the talks go ahead, it is understood that leading the British team will be the Ambassador to China, Sir Robin McLaren, while Mr Sze and Hong Kong's Political Adviser, Mr William Ehrman, would also be included.

The Chinese team is expected to be headed by Vice-Foreign Minister Mr Jiang Enzhu and include Mr Wang Fengchao, of the State Council's Hong Kong and Macao Affairs Office.

Beijing yesterday stood firm on its demand that Mr Patten's political reform package be abandoned before Sino-British talks on the future of Hong Kong resumed.

The Chinese Prime Minister, Mr Li Peng, also reiterated that any matters straddling 1997 should be resolved by the two governments through consultation. To facilitate the resumption of talks, it is understood that the Government will not gazette the bill giving effect to Mr Patten's constitutional package today as earlier planned.

An option being considered by the British side is whether to delay the gazette until April, as it is expected the talks would take about two months.

However, the Government has not ruled out the possibility that the bill may still be gazetted before the end of the month as the Government had promised to publish it no later than February.

The uncertainty surrounding the bill has prompted liberal legislator Mr Szeto Wah to apply to raise an urgent oral question at the Legislative Council [Legco] sitting next week, asking the administration if it has decided to delay gazetting the bill and, if so, the reason.

The United Democrats member is waiting for Legco Deputy President Mr John Swaine's ruling, as the quota of six oral questions for next week's sitting has already been taken up.

Mr Szeto will seek other legislators' support for the move at the House Committee's meeting today.

Notwithstanding China's official hard line, there are signs the Chinese Government does not consider Hong Kong an insurmountable problem.

Former British prime minister Sir Edward Heath was "invited" to make a "courtesy call" on Communist Party General Secretary Mr Jiang Zemin on Tuesday.

The meeting in Zhongnanhai, which was not reported in the official Chinese media, lasted one hour and was attended by Sir Robin.

It is understood that the Hong Kong issue was not raised by either Mr Jiang or Sir Edward, suggesting that China did not think it was necessary to use an intermediary to resolve the dispute.

'Practical' People Reportedly To Rule Hong Kong

*HK1502054693 Hong Kong MING PAO in Chinese
12 Feb 93 p 2*

["Newsletter From Beijing" by Lin Liang (2651 0081): "China Makes Sure That Those Who Are Practical and Acceptable to the People of Hong Kong Are Chosen Members of the 'Second Stove'"]

[Text] According to reliable sources, the Chinese side is convinced that the Legco will pass Governor Chris Patten's constitutional reform package and therefore has made "full mental preparations" for the results. Insisting that Legco is only an "advisory body to the governor of Hong Kong" and does not truly "represent the public opinion of Hong Kong," the Chinese side will not budge in its stand.

However, as revealed by the informed sources in China, the Chinese side will uphold the principle of "governing Hong Kong by the people of Hong Kong" when "setting up a second stove" and will choose personalities who are practical and acceptable to the citizens of Hong Kong. It was hinted that the conventional "pro-China personages" or leftist personages will not be chosen to govern Hong Kong, nor will the "democratic fighters" who are hostile to the Chinese Government. "Governing Hong

Kong by Beijingers" or governing Hong Kong by "officials from Beijing" in Hong Kong is even less likely.

The informed sources said that China does not expect the changes in Britain's domestic political situation to bring a turn to the on-going Sino-British row. China believes that Chris Patten's constitutional reform package is actually a reflection of the changed attitude of some people in and outside the British Government toward China and Hong Kong, because the dramatic changes in East Europe and the disintegration of the Soviet Union engendered verbalized regret in and outside the British Government about signing the Joint Declaration which promised the handing back of Hong Kong. What is happening now is in effect Britain's attempt to "retract a false move in a chess game." Therefore, the Chinese side leaves no room for concession on this matter.

As to the franchises straddling 1997, the informed sources said that the Chinese side has insisted on exercising the power of consent for two reasons: upholding the principle of sovereignty and preventing the British from "fleecing" and "scrounging" in Hong Kong in the late transitional period. Therefore, when ratifying franchises straddling 1997, the Chinese authorities will maintain a cooperative attitude toward those involving Chinese consortia or other foreign consortia in Hong Kong so as not to impair the territory's economic development, but will "cautiously treat" the franchises involving British concerns (especially some "badly behaved" British consortia).

The sources said that China's posture on the financing arrangements for the new airport is one of "taking precautions" because, on one hand, the unlimited budget on the part of the British may create a burden on the future special administrative region and, on the other hand, there are worries that the British Hong Kong Government may "be too biased" and "snatch as much as possible."

The Chinese have all along regarded the current Sino-British row as a "diplomatic struggle." Therefore, though the broad principles are laid down by Deng Xiaoping, the actual decisionmakers are Premier Li Peng, concurrent head of the Central Foreign Affairs Leading Group, and Qian Qichen, foreign minister and member of the Political Bureau. The actions of the State Council Hong Kong and Macao Affairs Office and XINHUA Hong Kong Branch are in fact coordinated by the Foreign Ministry.

It is learned that China has, in conformity with the current international situation and Deng Xiaoping's instructions, set the policy of "upholding principles and reducing interference." In fact, this policy spells out a different treatment for the United States from that for Britain and France: "Upholding principles" applies to Britain and France and, for the new Clinton administration of the United States, the policy is "give in as much as possible to reduce interference." China believes that

the Clinton administration, out of consideration for its economic interests and the need to pin down Japan, is unlikely to "put forward" new policies that are seriously disadvantageous to China.

In another development, when commenting on the Executive Council's passing Hong Kong Governor Chris Patten's constitutional reform proposals at the weekly news conference yesterday, Chinese Foreign Ministry spokesman Wu Jianmin reiterated: The Hong Kong governor must withdraw his constitutional reform package and truly show the goodwill to return to the track laid by the Sino-British Joint Declaration. He said: China will not accept any proposal that does not converge with the Basic Law.

When questioned whether the publication of the constitutional reform bill would be postponed because of the need to consult the Chinese side, Acting Governor Sir Ford said: There are many speculations about when the relevant bill will be published in the gazette. The attitude of the Hong Kong Government has been consistent, that is, the relevant bill will be published before the end of this month.

UK Politicians Turning 'Against' Patten Reforms

HK1402050093 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 14 Feb 93 p 1

[By David Healy in London]

[Text] Senior British politicians have started to turn against Hong Kong Governor Mr Chris Patten's political reform package, after an intensive lobbying campaign by the Chinese Embassy in London.

Although the British Government publicly remains committed to backing Mr Patten, the pressure of Chinese antagonism to his political blueprint is beginning to take its toll on the cross-party consensus.

The lobbying of MPs [members of Parliament] in both the government and the main opposition party by the Chinese has cast new doubts on the future of Mr Patten's reforms and could lead to a realignment of British politicians on the controversial issue.

Last Monday China's ambassador to London Mr Ma Yuzhen held a three-hour meeting with shadow foreign secretary Mr Jack Cunningham and his deputy, the spokesman responsible for Hong Kong, Mr Allan Rogers.

After the meeting Mr Cunningham and Mr Rogers both agreed to visit Beijing for further talks about Hong Kong, probably in May.

Mr Ma has also held meetings with other MPs and several have reportedly accepted invitations to travel to Beijing within the next few months, including two senior members of the Labour Party who are expected to visit China over Easter.

A shadow minister who accepted the Beijing invitation said he and some of his colleagues were beginning to change their minds about supporting the government's backing for the Patten package.

He said many Labour MPs believed the future for the people of Hong Kong would be better served by reaching an agreement with China, rather than "blindly" supporting Mr Patten.

Another senior Labour Party official said there was not likely to be an early public change of stance by the Labour Party, but at the same time he said Labour was ready to support any diplomatic way out of the current impasse between London and Beijing.

A senior Conservative backbencher experienced in Hong Kong affairs echoed the Labour Party's political dilemma on the issue: "There is no way Conservatives can come out publicly against Mr Patten. But we do take on board the problems of the Chinese Government, and we think that the Patten package has to be watered down." [sentence as published]

Representatives from both parties declined to go on the record but a Labour Party official said he believed his party would soon go public on the issue.

The doubts of members on both sides of the fence and Mr Ma's talks with Labour MPs coincide with a series of meetings which the British Government is having with Conservative members to try to secure support for the Patten package.

The Foreign Office Minister responsible for Hong Kong, Mr Alastair Goodlad, last week held a series of briefings for Conservative backbenchers on the territory.

At the same time, Foreign Office officials are insisting that there are no behind the scenes talks between Britain and China over Hong Kong, contrary to reports and rumours.

They denied last week there had been any contacts beyond routine links between the two foreign departments and also deny any recent significant talks or other contact between the foreign ministers.

PRC Advisers Visit To Assess Situation

HK1902045593 Hong Kong THE STANDARD in English 19 Feb 93 pp 1, 2

[Article by Rain Ren]

[Text] A group of Beijing's old Hong Kong hands has made a special trip to Guangzhou this week to ascertain the level of support in the Legislative Council for Governor Chris Patten's constitutional reforms.

And Patten has again assured Hong Kong people any talks with China would go ahead with the full knowledge and participation of local people.

"The British government is happy to have talks at any time and any place with China without any preconditions about the political development of Hong Kong," he said.

"I am sorry I can't say more than that at this stage.

"I think what the community probably recognises is that we do have to be discreet at this stage."

He said there were many "ridiculous rumours" about impending talks.

The Guangzhou visit is running parallel with ongoing diplomatic exchanges in Beijing between the British Embassy and the Hong Kong and Macao Affairs Office.

It is believed four advisers from the Hong Kong and Macao Affairs Office, including two former Joint Liaison Group (JLG) members Ke Zaisuo and Zheng Weirong, arrived in Guangzhou on Monday.

They leave for Beijing today.

In what is considered to be a two-way exchange, local Xinhua News Agency director Zhou Nan, deputy director Qin Wenjung and China's senior JLG member Guo Fengmin are now in Beijing for decisions on whether to resume talks with Britain.

The group of four has mainly focused on finding out if there really will be majority "yes" votes for Patten's package.

Sources close to the Chinese government said the officials in Guangzhou had met selected Beijing-appointed Hong Kong advisers, legislative councillors and Xinhua officials.

Their fact-finding results will be outlined in an internal report for China's central authorities and will be an important reference when making a decision over the basis under which Sino-British talks should restart.

Foreign Ministry spokesman Li Jianying, in a weekly briefing, again called on Britain to abandon Patten's political reforms.

Responding to a question on whether China was ready to resume talks with Britain, Li said to resume Sino-British consultations and cooperation, Britain must abandon Patten's constitutional package to show its sincerity in returning onto the track of the Sino-British Joint Declaration.

That was the "crux of the matter today," Li stressed.

United Democrat chairman Martin Lee said it was not realistic for China to reject the "three-legged stool" arrangements involving China, Britain and the Legislative Council.

China sees the council as an advisory body only, with no power to reject Sino-British agreements.

"Even if Britain and China went ahead with a secret agreement on arrangements for the 1994/95 election, their proposals have to be forwarded to the Legislative Council, and will possibly not be accepted by the council," Lee said. "The reality is that Hong Kong has to be a party of to the negotiations."

Currency Circulating in China Increases

HK1602015093 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
16 Feb 93 p 12

[Article by Laura Tyson]

[Text] The Hong Kong Bank estimates that nearly one third—as much as \$15 billion [Hong Kong dollars]—of Hong Kong's currency issue is circulating in China.

This was up from a scant seven percent, or \$700 million, a decade ago, said a report released by the bank's economic research department yesterday.

Heightened economic integration between the territory and China has boosted the importance of the Hong Kong dollar as a medium of exchange and as a currency for holding financial claims.

Cash in mainland hands rose from 6.9 percent of the total in issue to 29.6 percent by 1991, the report said.

Based on the officially recorded expenditure of Hong Kong residents in China, the estimate does not factor in proceeds of illegal activities such as smuggling flowing into the mainland.

Hong Kong residents spent \$18.7 billion in China in 1991, accounting for 84.6 percent of total revenues from tourism, up from \$2.1 billion in 1980.

The bank's estimates are significantly higher than those of monetary officials.

While no official figures are kept, Mr Joseph Yam Chi-kwong, chief executive of the Monetary Authority, recently estimated that 20 percent of the note issue was circulating in China.

The phenomenon of economic integration had no substantive impact on Hong Kong's economy, but it did distort certain monetary statistics, a fact which should be taken into account by both banks and the Government when formulating policy, the report said.

For instance, despite more widespread use of both credit and electronic payment systems, the currency issue had grown faster than the local economy.

Simultaneously, the Hong Kong banking sector had become a net debtor to banks in China, a trend fuelled by Hong Kong investment in and trade with China.

Such external net Hong Kong-dollar liabilities had burgeoned from \$7.3 billion in 1988 to \$42.4 billion—or 5.2

percent of total Hong Kong dollar lending—last year, according to official figures.

These funds, held by mainland banks and their offices in Hong Kong, were recycled back into the territory either directly through the granting of loans or indirectly through interbank lending.

This explained why the banking sector's Hong Kong dollar loan-to-deposit ratio had risen significantly—from 91.5 percent in 1986 to 118.7 percent last year—without appreciably straining banks' capacity to lend Hong Kong dollars.

However, the increased use of Hong Kong dollar funds recycled from China to finance Hong Kong dollar loans could have the negative side effect of raising the average cost of funds for banks in Hong Kong, as interbank borrowing is expensive.

Governor Seeks Cooperation To Fight Pollution

HK1902040293 Hong Kong *SOUTH CHINA MORNING POST* in English 19 Feb 93 p 7

[By Kathy Griffin]

[Text] Hong Kong must work together with the authorities in Macao and Guangdong to clean up pollution in the Pearl River Delta or risk the area becoming a wasteland, the Governor, Mr Chris Patten, warned yesterday.

The delta had one of the fastest growing economies in the world and was attracting large numbers of workers from outside, he said.

"Inevitably more factories, more people, means more pollution. If we carry on as we are, we'll fetch up turning our economic oasis into an environmental and ultimately a human wasteland," he told an international workshop on water pollution.

Economic growth traditionally resulted in more pollution but Mr Patten said growth was not necessarily an enemy of the environment.

"Poverty is one of the most toxic elements in our global environment.

"The challenge that we have is to ensure that what I'm convinced will happen to our regional economy, doesn't happen at the expense of our environment."

Hong Kong, Guangdong and Macao could avert a disaster by co-operating and taking clean-up measures before it was too late, he said.

Mr Patten said the three especially needed to co-operate on water quality and to work together to set common pollution standards and monitor the Pearl River's water quality, although this would likely be a difficult task.

"At the end of the day the most important thing will be whether we can summon up collective willpower to

implement our plans and to work together to create a greener, cleaner Pearl River Delta," he said.

Mr Patten said consumers and businesses needed to pitch in as much as governments and added the pollution workshop represented a step towards greater co-operation.

The week-long workshop ends today and has been organised by the British Council and the Guangdong Environmental Protection Bureau.

Technologists, government administrators and scientists from Hong Kong, Macao and Guangdong have been invited to participate and experts in water pollution control have come from Europe to address them.

It is hoped they will come up with proposals for joint monitoring work and common standards for assessing water quality.

Survey Shows Residents Favor Compromise on Reform

HK1702035393 Hong Kong *THE STANDARD* in English 17 Feb 93 pp 1, 3

[Text] Hong Kong residents favour compromise to solve the bitter Sino-British political row, according to an exclusive Standard survey.

Opinion is almost equally divided over whether Governor Chris Patten's package should be supported or amended.

The Asian Commercial Research Ltd (ACR) survey of 460 people found 38 percent said legislators should support Patten's reforms, the first of which was tabled in the legislature last week. Another 37 percent said the package should be amended, while 21 percent said legislators should vote against the reforms.

Of those who wanted the package amended, 9 percent said there should be a mutual agreement or compromise with China.

Four percent wanted slower or less drastic reforms and 3 percent said the Government should withdraw its package and start new talks.

Others favoured following the Joint Declaration, improving consultation with China or amending the package for Hong Kong's benefit.

Strongest support came from those in the 18-24 age group, where 46 percent said legislators should vote for the package, 13 percent said vote against and 39 percent said amend.

The biggest opposition was from the 45-54 age group.

Only 30 percent supported the package, 39 percent wanted legislators to vote against and 21 percent favoured amendment.

Support further dwindled when respondents were asked what the Governor should do if China continued to reject his proposals.

While 38 percent had urged the Legislative Council to vote for the reforms, only 15 percent said the Government should press ahead despite China's opposition.

Thirty-four percent said Patten should withdraw and start again while 40 percent wanted a referendum.

The results mirrored opinion on the same question in December, when 14 percent said press ahead, 31 percent said withdraw and 41 percent said hold a referendum.

"Compromise is the overriding sentiment at the moment," ACR pollster David Bottomley said. "If one reads the mood of the respondents there is a general move towards amending the proposals or reaching a compromise."

"Apart from that the rest seem prepared to run."

The survey was conducted in Cantonese on 6 and 7 February—the weekend before the first reform bill was tabled in the Legislative Council on 10 February.

Survey: 'Slight' Rise in Approval for Governor

HK1702033593 Hong Kong THE STANDARD in English 17 Feb 93 p 1

[Text] The approval rating for Cooperative Resources Centre (CRC) convenor Allen Lee has slumped dramatically in the past two months.

The popularity of leading liberal Martin Lee has also dropped while there was a slight increase for Governor Chris Patten.

An exclusive survey for The Standard by Asian Commercial Research Ltd shows Allen Lee's support in February plummeted to its lowest level since polls began in August last year.

The survey, conducted on 6 and 7 February, involved interviews in Cantonese of 460 people.

Only 32 percent of people were satisfied with Allen Lee's performance while 47 percent were dissatisfied compared to 41 percent satisfied and 43 percent dissatisfied in December.

In August last year his approval rating was 45 percent and disapproval rating 32 percent.

United Democrats leader Martin Lee's approval rating dropped from 63 per cent in December to 56 percent, while his disapproval rose from 28 percent to 31 percent.

Governor Chris Patten's approval jumped from 63 percent in December to 65 percent in February, while his disapproval dropped from 29 to 22 percent.

Li Peng Discusses Hong Kong Issue With Visitors

OW1802154893 Beijing XINHUA in English
1502 GMT 18 Feb 93

[Text] Beijing, February 18 (XINHUA)—Chinese premier Li Peng met with the board of directors of the New China Hong Kong Group Ltd. headed by its Chairman T.T. Tsui here today.

Li extended his congratulations to the newly established group which has a registered capital of 4.3 billion H.K. [Hong Kong] dollars.

It is a large multinational joint venture comprising more than 40 prominent enterprises on the Chinese mainland, Hong Kong, Taiwan and Singapore.

The inauguration ceremony for the group was held here this evening.

Li said the group will absorb and unite second-generation Hong Kong and Taiwan entrepreneurs in economic and technological cooperation with the Chinese mainland and support its modernization. "This is very significant," he added.

Noting that the entrepreneurs of the old generation in Hong Kong and Taiwan enjoyed good relations and cooperation with the mainland, Li expressed the conviction that the new generation will carry forward this tradition.

Li said he was very pleased to note that the economic ties between the mainland and Hong Kong have daily become closer, especially through investment in the mainland's infrastructure.

This is a positive trend, he said, adding that it indicates a bright future for bilateral cooperation of mutual benefit.

He hoped that the group will make contributions to the further promotion of the mutual economic and technological cooperation.

At the visitors' request, Li briefed them on China's stand on the disputes over Hong Kong's political system.

He said China's principle of "one country, two systems" and its basic policy on maintaining Hong Kong's stability and prosperity remain unchanged.

China holds that the relevant agreements and understandings reached between China and Britain should be fully implemented, Li said.

He said all issues straddling 1997 involving the responsibilities and obligations of the future government of the Hong Kong Special Administrative Region and issues on convergence with the future region's basic law should be settled through consultation between the Governments of China and Britain in accordance with the joint declaration on Hong Kong.

Tsui, who is a Hong Kong industrialist, said the newly established group aims to further promote economic cooperation for mutual benefit between the Hong Kong, Taiwan and the mainland.

He said the group members have full confidence in China's economic growth as well as in the group's success.

Present at the meeting were Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, and Zhou Nan, director of the XINHUA NEWS AGENCY's Hong Kong branch.

Local 'Nationalists' Plan Launch of Newspaper

HK1702033293 Hong Kong THE STANDARD in English 17 Feb 93 p 3

[By Thomas Wood]

[Text] Hong Kong-based nationalists plan to launch a newspaper next month to maintain a voice following the closure of the Hong Kong Times.

Taiwan's Kuomintang closed its only newspaper in the territory today after 43 years of operation.

Robin Lee, chairman of the Chinese Anti-Independence Territories Union (Hong Kong and Macao), said advertisements would be placed in newspapers within days to invite funding.

The newspaper would focus on Hong Kong affairs and was planned to reach about 4,000 copies a day—the Hong Kong Times's readership.

They would not seek the support of the Taiwan government led by President Li Teng-hui, which Lee said no longer commanded the respect of overseas Chinese.

The new paper would represent the "voices of overseas Chinese", which were expressed somewhat differently by the Hong Kong Times.

While accusing the KMT government of backing the "one China, one Taiwan" policy, Robin Lee said the newspaper would stand firm for the re-unification of mainland China and Taiwan.

Susie Chiang, Taiwan's senior media representative in Hong Kong, said she personally agreed with Lee's plan since Hong Kong needed different voices in the runup to 1997. But she said it was unlikely that the KMT would give financial support because the closure of the Hong Kong Times showed that the party's media policy towards Hong Kong had changed.

Meanwhile, Li Wei-lien, director of the Hong Kong and Macao Affairs Department of the cabinet-level Mainland Affairs Council, said the government would not end its ties with the territory after its return to Chinese rule in 1997.

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